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for Education

Occupancy and staff ratios at early years providers

Research report

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Executive summary

Overview

This report was commissioned by the Department for Education to provide evidence on occupancy rates, spare capacity and staff to child ratios in the early years sector in England. Occupancy rates and staff to child ratios are key to minimising costs and improving financial sustainability of early years settings as businesses.

The research aimed to examine occupancy and spare capacity at group-based providers (such as day nurseries and pre-schools) and school-based providers (school nurseries at state and independent primary schools and maintained nursery schools). The focus was on differences in occupancy and spare capacity rates, factors associated with higher occupancy/lower spare capacity rates, providers' reports of staff to child ratios at their setting, and decision-making regarding occupancy and ratios.

This study was motivated by a need to better understand providers' perceptions of what affects occupancy in their setting and their views on the barriers to increasing occupancy rates. The study also aimed to explore decision-making behind staffing levels. It used data collected in the Survey of Childcare and Early Years Providers (SCEYP) 2019 from March-July 2019 and data from in-depth interviews with group-based providers and school nurseries from January-March 2020. The report focuses on the experiences of the sector before the COVID-19 pandemic.

The quantitative component consisted of secondary analysis of occupancy and spare capacity data from SCEYP 2019 (4,521 group-based providers in the private, voluntary and maintained sectors and 1,940 school-based providers) and comparisons with SCEYP 2018 (4,372 group-based and 886 school-based providers). The occupancy and spare capacity rates were calculated for each setting across the different types of sessions they offered. The report uses two continuous measures of occupancy (mean occupancy and median occupancy) and one binary measure of spare capacity (whether there was spare capacity at the setting), derived from the same survey data.

The qualitative component involved in-depth telephone interviews with managers at early years settings exploring their perspectives on occupancy, spare capacity, demand for places, staff to child ratios and decision-making. Participants were sampled purposively from group-based providers and school nurseries that completed SCEYP 2019 and agreed to be contacted again about follow-up research. To capture the range and diversity of views, the study recruited different provider types, with different levels of occupancy reported in SCEYP 2019, and located in both urban and rural areas. The sample also covered a mix of regions, area deprivation levels and, for group-based

providers, whether settings were open beyond the school year. All interviews were audio-recorded and transcribed.

Key findings

Occupancy and spare capacity

The key findings on occupancy and spare capacity levels were:

- The majority of providers had some spare capacity at their setting. The proportion of settings with spare capacity was larger for group-based providers (82%) than for school-based providers (73%). The average (median) occupancy was somewhat lower at group-based settings (83%) than at school nurseries (85%).¹
- Comparisons with 2018 revealed different patterns for group-based and school-based settings. For group-based settings, there were no changes in the proportion of settings reporting spare capacity; however, the average occupancy went up between 2018 and 2019, from 79% to 83%. For school-based settings, there were no statistically significant differences between 2018 and 2019.
- In qualitative interviews, participants reported different experiences of how occupancy at their setting had changed over recent years, including increases, decreases, fluctuations and no changes.
- Factors cited by respondents who experienced an increase in occupancy included both external circumstances, such as new housing being built in their local area and the rollout of the 30 hours funding, and provider-specific aspects, such as the setting becoming more established and therefore more popular with parents. Participants who reported decreases in occupancy referred to factors such as the opening of other settings in the area leading to increased competition and the reduced affordability of childcare to parents due to increased fees.
- When assessing occupancy levels, early years managers referred to the number of children enrolled compared to the number that the setting was registered for. Alternatively, they spoke about being 'at full capacity' or working 'below capacity' based on the number of staff employed and the number of children they felt they could enrol (within the statutory requirements for staff to child ratios).
- Managers discussed how occupancy varied across age groups, session times, days of the week and months of the year. For example, morning sessions were reported to be often more popular than afternoon sessions, and the middle of the week to be more popular than Mondays or Fridays. That could translate into being

¹ Median values only are reported in this chapter for brevity. Both mean and median occupancy levels are reported in Chapters 2 and 3.

full in the morning and/or mid-week and only having spare capacity in the afternoon and/or on Mondays or Fridays. Respondents also reported numbers building up over the academic year, with September being the month with the lowest occupancy and the Summer term seeing the highest occupancy.

Factors affecting occupancy rates

The report examined factors associated with higher occupancy/lower spare capacity rates in the survey data and providers' perceptions of what was driving demand for places at their setting. The key findings were:

- Occupancy and spare capacity varied by region, with slightly different patterns for group-based providers and school nurseries. Settings in rural areas had, on average, lower occupancy and higher spare capacity than those located in urban areas. There was no clear pattern of association between occupancy and area deprivation, for either group-based or school-based settings.
- Average occupancy rates varied substantially by type of setting. Among group-based providers, private settings had the lowest average occupancy (80%), maintained settings (local authority nurseries) had the highest occupancy (88%), and voluntary settings were in the middle of the two (85%). For school-based settings, maintained nursery schools had the highest average occupancy (91%), nursery classes in maintained primary schools had a slightly lower average occupancy (87%), and independent school nurseries had much lower occupancy rates (69% on average).
- In qualitative interviews with managers, participants discussed a broad range of factors that they perceived to affect demand for places at their setting. Rural location was perceived to increase demand for places because of the existence of 'tight-knit' communities and less competition from other settings compared to urban areas. However, participants also mentioned a limited number of children living locally and difficulties in drawing in families from other villages as factors working against them. Managers of settings located in urban areas also discussed how their location could work to their advantage (e.g. being near large residential housing) or suppressed their occupancy (e.g. because of high levels of competition from other settings in the area).
- Level of deprivation in the area was also seen as relevant to demand for places. Having more working parents in the area was seen as increasing the demand, as parents needed childcare and also many parents were eligible for the 30 hours funding. On the other hand, in areas with high levels of deprivation, there was more demand for funded places for two-year olds.
- Early years managers discussed location-specific factors such as being easily accessible (on foot or by car), being near train stations or near local schools. The profile of the local population was also mentioned as a relevant factor; this included

the number of local families with pre-school age children, how transient the population was and the proportion of families from minority ethnic groups who may be less likely to use formal childcare.

- Participants believed that demand for places at their setting was linked to whether parents preferred to send their child to a school nursery or a group-based setting. Managers mentioned that parents might prefer a school nursery because they believed their children would be more 'school ready' and more familiar with the school environment, which would help them settle in more easily into school life when they started in the reception class. On the other hand, group-based providers typically offered longer opening hours and were seen as being better suited to the needs of working parents.

Staff to child ratios

The report also examined staff to child ratios at early years providers taking part in the qualitative component and their perceptions of factors associated with operating at different levels of staffing. The key findings were:

- Participants indicated that their settings were operating at either statutory or above-statutory staff to child ratios. There were no reports of nurseries falling below statutory requirements, although there were mentions of nurseries struggling to maintain their ratios. There were also instances of settings intentionally operating at statutory ratios in some rooms and at more generous levels in other rooms, based on perceptions of appropriateness of the statutory requirements for each age group (e.g. 1:8 ratio for three-year olds was deemed too onerous for staff by some providers).
- Participants described fluctuations in ratios associated with variable pupil attendance (due to sickness or family holidays), staff absences and natural variation in occupancy over the day, week and year. For example, with occupancy levels tending to be the lowest in many settings in September, providers that kept their staffing levels consistent had more generous ratios at that time of the year.
- Providers that aimed to keep their ratios at a desired level (whether that be statutory, or more generous than statutory) employed a range of approaches to mitigate against fluctuations. These included changing staffing levels in accordance with occupancy and moving existing staff within and between settings.

Decision-making

The decisions regarding occupancy levels and ratios were constrained by parental demand for places and by the setting's ability to recruit the necessary staff:

- Participants working in settings with high demand and no difficulties in maintaining or increasing their staff levels explained that they were able to set the level of occupancy. They either decided to operate at full capacity or below full capacity. In contrast, where demand for places was low, participants explained that they were not able to make the choice to operate at full capacity and instead operated at the levels that were achievable. Similarly, difficulties in maintaining or increasing staffing levels restricted the number of children settings were able to enrol.
- Decisions regarding whether to operate at the statutory ratios or above were less driven by the demand for places and were more 'active', based on a number of considerations (discussed below).
- The extent to which decisions about occupancy and staff to child ratios were consistent with each other in terms of their potential impact on the setting's finances varied across settings. One of the approaches was to aim for full capacity and for meeting statutory requirements for ratios but not having any surplus staff, and another approach was to aim for both having some spare capacity and some additional staff members on top of the ratios. However, there were also instances of the decisions about occupancy and ratios being in apparent contradiction to each other. These included settings deciding to operate below full capacity but with statutory ratios, or at full capacity but with the ratios that were more generous than required.

When making decisions about enrolments and staffing, providers took into account various considerations:

- Those aiming for full capacity / statutory ratios based their decision mostly on the perceived impact on finances and business sustainability. As for the perceived impact on the provision itself, the views were divided. One of the expressed views was that operating at full capacity / statutory ratios did not affect the quality of the provision if staff were highly qualified. In contrast, another view was that children would have benefitted from more generous ratios, however, that approach was not financially viable for the setting.
- Settings deciding to operate below full capacity / at more generous staff to child ratios did so based on their perceptions of impact on provision and staff. Participants mentioned concerns about overcrowding, children with additional needs, the value of more one-to-one support for the children, staff workload and wellbeing and the quality of relationships that staff were able to build with the children. Participants generally recognised that their decisions did not make the best 'business sense' but indicated it was a trade-off they were happy to accept.

Strategies to increase/maintain occupancy levels

Looking at the strategies used by settings to increase or maintain occupancy levels, it is important to note that not all settings were using 'strategies' as such. In settings that experienced a high demand for places, managers often relied on word-of-mouth advertising to maintain their levels of occupancy. Other settings, however, used a broad range of strategies to attract parents. These included advertising online via websites and on social media, advertising locally (e.g. through leaflets), holding open days, and advertising through schools and community centres. In addition to advertising, participants also described making changes to how their setting operated to increase take-up of places. These included reducing prices and/or offering free sessions (especially when demand was lower, e.g. in the summer), extending or shortening opening hours, making session bookings more or less flexible and expanding the age range of children to younger groups (e.g. two-year olds).

Conclusions

The findings of this study suggest that while there is a substantial degree of spare capacity in the early years sector and maintaining ratios that are more generous than required is not uncommon, there are usually reasons why occupancy and ratios are at the level they are. These include parental demand for places in the local area, parental preferences for particular session times, providers' ability to recruit and retain qualified and experienced staff, as well as providers' views on how operating at certain levels of occupancy and ratios affects provision.

It is not clear what structural changes to early years provision in England might support a substantial increase in occupancy levels. However, it is important to continue to develop a broad range of mechanisms for supporting the financial sustainability of the early years sector as part of early years policy making.

1. Introduction

1.1 Background

This report looks at occupancy, spare capacity and staff to child ratios in the early years sector before the COVID-19 pandemic. It is based on data collected in the Survey of Childcare and Early Years Providers (SCEYP) 2019 and in-depth interviews with group-based and school-based providers undertaken from January to March 2020. The report does not discuss the implications of the pandemic on the early years sector or how the pandemic might affect occupancy and ratios going forward. The focus of the report is on the experiences of different types of early years settings pre-COVID-19.

High-quality early years provision is a key mechanism for closing the gap between disadvantaged children and their peers and supporting maternal employment (Lewis and West, 2017; Lloyd, 2015; Melhuish and Gardiner, 2018; Siraj-Blatchford et al., 2011). Many factors are associated with higher quality in early years provision, including skilled and experienced staff, high-quality continued professional development programmes, structural characteristics of the setting such as size and age profile of the child intake, staff to child ratios, setting ethos and open and reflective organisational culture (Bonetti and Brown, 2018; Callanan et al., 2017; Melhuish and Gardiner, 2017; Siraj et al., 2018). However, providers need to balance progress towards better quality services with the need to be sustainable as a business, which can be a challenge (Christie & Co, 2019).

Achieving higher occupancy rates can support business sustainability, as the ratio of income to costs is improved if more of the setting's registered places are occupied (Blainey and Paull, 2017; Department for Education, 2015). Supporting early years providers in achieving higher occupancy rates has long been on the agenda of the Department for Education (DfE). For example, the DfE has published *Business Insights from Successful Early Years Providers*, which includes advice on understanding and managing occupancy rates (Department for Education, 2018). However, there is a scarcity of research on providers' own perceptions of what constitutes optimal occupancy and what the barriers are to increasing occupancy rates.

Staff to child ratios are also relevant to minimising costs and improving financial sustainability. The minimum ratios are documented in the statutory framework (Department for Education, 2017). However, settings may choose to operate at more generous levels of staffing and some do (Christie & Co, 2019; Melhuish and Gardiner, 2017). Understanding how providers view the statutory ratios and what might motivate them to try to maintain higher staffing levels, even if at the expense of their finances, is important to develop policies that support the early years sector and help it thrive in challenging market conditions.

This report aims to fill in the gaps in our understanding of the variation in occupancy rates and in ratios in the early years sector.

1.2 Research aims

The aims of the research presented in this report were:

- 1) To analyse occupancy and spare capacity at early years group-based providers (GBPs) and school-based providers (SBPs) (chapter 2). This included:
 - a. Estimating occupancy and spare capacity rates in 2019
 - b. Comparing occupancy and spare capacity rates between 2018 and 2019
 - c. Examining providers' perceptions of occupancy at their setting, including their views on variation in the rates over the week / year, perceptions of changes over the past few years and expectations for the future
- 2) To examine factors associated with higher occupancy/lower spare capacity rates (chapter 3). This included:
 - a. Investigating characteristics associated with higher occupancy/lower spare capacity rates at area and setting level
 - b. Examining providers' perceptions of factors that affect parental demand for places in their area / for their type of setting
- 3) To examine providers' reports of staff to child ratios at their settings and their perceptions of factors associated with operating at different levels of staffing (chapter 4).
- 4) To investigate providers' decision-making regarding occupancy and ratios (chapter 5). This included:
 - a. Examining the decision-making process
 - b. Exploring considerations taken into account when making different decisions regarding occupancy and ratios.
- 5) To outline providers' strategies to maintain or increase occupancy at their setting (chapter 6).

1.3 Methodology

The study used a mixed-method approach comprising analysis of survey data from the SCEYP series and in-depth telephone interviews with managers at group-based and school-based early years settings.

1.3.1 Quantitative component

The quantitative component consisted of secondary analysis of occupancy and spare capacity data from the SCEYP 2019 and comparisons with SCEYP 2018.

The SCEYP survey series collects data from group-based providers (such as day nurseries, pre-schools and out-of-school childcare providers), school-based providers (including nursery and before- and after-school provision at schools) and childminders. For this report, the sample was restricted to group-based and school-based providers offering provision for pre-school children. The analysis did not include childminders because that would have required a different set of research questions specific to childminding provision.²

The SCEYP 2019 survey was a mixed-mode survey, where data was collected either via a web survey or on the phone, according to providers' preference. Data collection took place from March 2019 to July 2019. The SCEYP 2018 data collection was via a telephone survey, from March 2018 to July 2018. (For more information about the survey methodology, see Marshall et al. (2019) and Marshall et al. (2018)).

The sample size for providers with occupancy and spare capacity data in the SCEYP 2019 was:

- 4,521 group-based providers in the private, voluntary and maintained sectors
- 1,940 school nurseries (state-funded and independent primary schools with nursery provision and maintained nursery schools)³

The SCEYP 2018 analysis sample included 4,372 group-based and 886 school-based providers.

The occupancy and spare capacity rates were calculated for each setting based on attendance and spare capacity questions. Providers were asked how many children they

² Statutory requirements regarding how many children childminders may care for are different from those that apply to group-based and school-based settings (Department for Education (2017) Statutory Framework for the Early Years Foundation Stage). They depend on factors such as the age mix of different children at the setting, whether they attend for full day or wraparound care, whether any of the children are the childminder's own children, and whether the childminder employs assistants. The SCEYP 2019 survey does not collect information about ratios in childminding provision, and information on spare capacity that is collected should be interpreted with caution as there is no differentiation between different ages of the extra children that the childminder would have been able to take.

³ There was a high proportion of missing values at the occupancy and spare capacity measures derived for this report. This is because the measures were derived across different session types run by the setting, and there would often be 'Don't know' values at at least one of the survey questions contributing to the measures. There was also a routing error in the questionnaire, which meant that some settings were not asked all of the attendance and spare capacity questions.

had booked on the reference day⁴ for different types of sessions (full day care, morning and afternoon sessions) and how many extra children they would have been willing and able to take (see Appendix A). Where settings offered more than one type of session, a summary occupancy measure was calculated across all types of sessions (see Appendix A for details). This approach is different to that followed in the Official Statistics from SCEYP 2019 (Department for Education, 2019) where occupancy and spare capacity were reported by type of session rather than for the setting overall.⁵

The report uses two continuous measures of occupancy (mean occupancy and median occupancy) and one binary measure of spare capacity (whether there was spare capacity at the setting or not), derived from the same survey data. The continuous occupancy measure is more nuanced than the binary spare capacity measure but the distribution of the occupancy measure is not normal, with a large proportion of settings having occupancy at 100%, i.e. the top end of the scale. For this reason, the report considers also the median occupancy.

All statistics and analysis were weighted using the SCEYP weighting scheme to present findings that are nationally representative of all early years group-based and school-based settings in England (for details of the SCEYP 2018 and SCEYP 2019 weighting schemes, see Marshall et al. (2018, 2019)).

Two sets of analyses were carried out: bivariate analysis (where the relationship between a factor and occupancy/spare capacity was examined on its own) and multiple regression analysis (where the same relationship was examined controlling for other differences between the settings).

Tests of statistical significance of differences between subgroups were carried out using ordinary least squares (OLS) regression models for the occupancy measure and binary logistic regression models for the spare capacity measure. All reported differences were statistically significant at the 5% level unless otherwise stated. All analysis was carried out in Stata 16.

⁴ The reference day could be any week day. It was allocated to settings in the sample file randomly. Settings were informed of their reference day when being invited to complete the survey. For more detail, see Marshall L. et al. (2019).

⁵ Official Statistics analyses include separate estimates of spare capacity and occupancy for different sessions (morning, afternoon and full day care) and for before and after school ('wraparound') provision. By contrast, estimates used in this report do not include before and after school provision, and the report employs a single occupancy measure which is weighted according to sessional provision. See Appendix A for more details on derivations of measures of spare capacity and occupancy for this report.

SCEYP data does not allow to test the causality in the associations explored. This should be taken into account when interpreting the findings on the factors associated with higher occupancy / lower spare capacity rates.

1.3.2 Qualitative component

The qualitative component included in-depth telephone interviews with managers at early years providers exploring their perspectives on the issues of occupancy, spare capacity, demand for places, staff:child ratios and decision-making.

The purposive sample was recruited from group-based providers and school nurseries who completed SCEYP 2019 and agreed to be contacted again about follow-up research. The data collection comprised in-depth interviews with one person per setting, typically the manager or owner of the setting with responsibility for making decisions about booking children and employing staff.

The interviews took place from 17 January to 12 March 2020. The last interview was conducted a few days before the government announced the introduction of social distancing and other restrictions due to COVID-19 and before the closures of schools and early years settings. The original plan was to carry on with the interviews until the end of March and to complete 40 interviews in total. However, because of the pandemic and its implications for the practitioners, the fieldwork for the study was stopped at 35 interviews.

The study recruited participants from the following four types of providers:

- Group-based settings, private, not part of a chain
- Group-based settings, private, part of a chain
- Group-based voluntary settings
- Nursery classes attached to maintained schools

The rationale behind this choice of providers was to explore how issues of occupancy and ratios might be experienced differently by the providers depending on whether they are a group-based provider or a school nursery, if group-based, whether they are private or voluntary, and if private, whether part of a chain.

In order to capture the diversity and range of views, the other primary sampling criteria included level of occupancy reported in SCEYP 2019 (categorised into low, average or high based on the distribution) and whether the setting was located in an urban or rural area. For each of the primary sampling criteria, quotas were set. The achieved sample against the quotas is shown in Table 1. The distribution of completed interviews by the sampling criteria was close to the set quotas.

Table 1: Qualitative sample composition (achieved / quotas)

Type of setting	Urban / rural	Low occup.	Average occup.	High occup.	Total
Group-based, private, not part of a chain	Urban	2/2	1/3	2/2	5/7
	Rural	1/1	1/1	1/1	3/3
Group-based, private, part of a chain	Urban	1/2	3/3	2/2	6/7
	Rural	1/1	1/1	1/1	3/3
Group-based, voluntary	Urban	2/2	3/3	2/2	7/7
	Rural	1/1	1/1	1/1	3/3
Nursery provision in maintained primary schools	Urban	1/2	3/3	2/2	6/7
	Rural	1/1	0/1	1/1	2/3
Total		10/12	13/16	12/12	35/40

In addition to the primary sampling criteria outlined above, the sampling approach also ensured a mix of regions (with all nine government office regions represented by a minimum of two settings), area deprivation levels (with all five quintiles of the Index of Multiple Deprivation (IMD) represented by a minimum of five settings) and, for group-based settings, of whether settings were open beyond the school year (with an approximately equal split between settings that were open during the school year only and those that were open the whole year).

The in-depth telephone interviews with early years managers were about 40 minutes long and included questions about parental demand for places, occupancy and ratios at the setting, decision-making, approaches to increasing occupancy and expectations for the future (see Appendix C and Appendix D for topic guides).

Participants taking part in the qualitative research received a £30 Amazon e-voucher to spend on books and other items for their setting.

All interviews were audio-recorded and professionally transcribed. The transcribed data was managed and analysed using the Framework approach, developed by NatCen (Ritchie et al. 2013) and embedded in NVivo. Key topics emerging from the data were identified through familiarisation with the transcripts. An analytical framework was drawn up based on themes set out in the topic guide as well as emerging themes, and a matrix was set up. The columns in each matrix represented the key sub-themes or topics and the rows represented individual participants. Data was summarised and categorised systematically by theme. The final analytic stage involved drawing out the range of experiences and views from the charted data and identifying similarities and differences.

It is important to note that qualitative samples are intentionally small and qualitative data analysis is not focused on the number of people or settings who hold a particular view; instead it thematically considers the range of perspectives.

1.4 Ethics

The study received ethical approval from NatCen’s Research Ethics Committee (separate approvals for SCEYP 2018, SCEYP 2019 and the qualitative component of this study on occupancy and ratios). This ethics governance procedure is in line with the requirements of the Economic and Social Research Council (ESRC, 2005) and the Government Social Research Unit Research Ethics Frameworks (GSRU, 2005).

Recruitment materials provided information about the research, the nature of participation, and covered anonymity and confidentiality. The voluntary nature of participation was emphasised and participants were told they could withdraw from the research at any point before publication by contacting the NatCen research team.

Researchers explained the research at the start of each interview and sought verbal consent before starting data collection.

1.5 Glossary of terminology

The following terms are used in the report:

- The terms “provider” and “setting” are used interchangeably and refer to different kinds of early years provision including group-based providers (childcare providers operating in non-domestic premises in the private, voluntary and maintained sectors, e.g. day nurseries and pre-schools) and school nurseries (nursery provision in state-funded and independent schools and maintained nursery schools). The terms “school nursery” and “school-based provider” are also used interchangeably.
- Occupancy is the percentage of places at the setting that were taken up on the reference day.
- Spare capacity is a binary measure indicating whether a setting could have taken any additional children on the reference day. (For more details about how occupancy and spare capacity measures were derived, see Appendix A.)
- Staff:child ratio (also referred to as “staff-to-child ratio”, or simply “staff ratio”) is a measure of the number of children for whom each staff member is directly responsible. Statutory requirements around the ratios are published by the Department for Education as part of the Statutory Framework for the Early Years Foundation Stage (Department for Education, 2017).

2. Occupancy levels at different types of providers, time trends and providers' perceptions

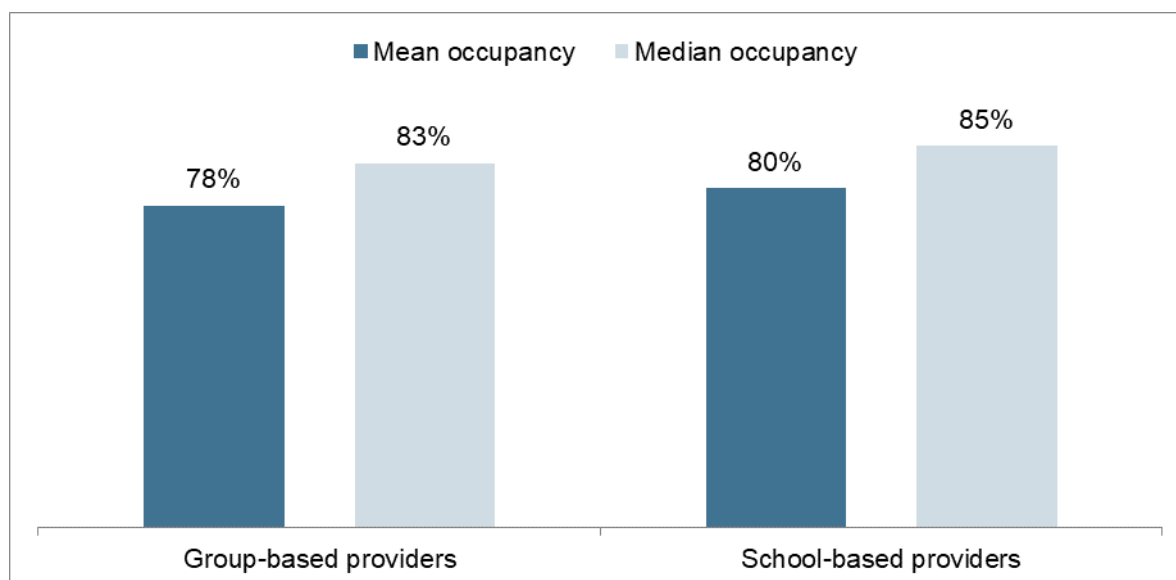
This chapter presents findings on occupancy and spare capacity levels at early years providers in the Survey of Childcare and Early Years Providers (SCEYP) 2019 and in the qualitative sample. It discusses variation in occupancy across age groups, session times, days of the week and throughout the year. It compares estimates from SCEYP 2019 with those from SCEYP 2018 to assess short-term time trends and examines providers' perceptions of trends at their setting, including providers' expectations for the future. Finally, the chapter discusses providers' self-assessments of their occupancy levels and the reference points they use to form those conclusions.

2.1 Occupancy and spare capacity: findings from the Survey of Childcare and Early Years Providers 2019

This section presents analysis of data on occupancy and spare capacity from SCEYP 2019. The key findings are:

- 82% of group-based providers and 73% of school-based providers reported having spare capacity at their setting. This included having spare capacity in any of the sessions run at the setting on the reference day.
- Average occupancy was somewhat lower at group-based settings (a mean of 78% and a median of 83%) than at school nurseries (a mean of 80% and a median of 85%).
- The differences between group-based and school-based providers were statistically significant on both spare capacity and occupancy measures. (See Figure 1 below and Table 2 in Appendix B.)

Figure 1: Average occupancy at group-based and school-based providers



Source: SCEYP 2019. See Table 2 in Appendix B for full results.

2.2 Occupancy levels and variation: insights from the qualitative interviews

In this section, we present findings on occupancy at different types of providers from in-depth interviews with early years managers. We discuss providers' experiences of occupancy and their views on how this varied across children age groups, timing of sessions, days of the week and over the year.

2.2.1 Occupancy levels in the qualitative sample

In-depth interviews involved a sample of settings selected purposively to ensure a balanced mix of occupancy levels based on survey findings for each type of provider and across provider types. Accordingly, occupancy levels reported in the interviews ranged from 100% occupancy for all sessions to settings where the busiest sessions had 50% occupancy.

There were, however, instances where the occupancy levels stated as part of the interview did not match those recorded in the survey. For example, there were participants at settings classified as having low occupancy based on survey findings who mentioned being at 100% occupancy on most sessions. This may be explained by reported changes in occupancy over recent years, including increases, decreases and fluctuations, which will be discussed in more detail in the section on time trends. It could also be linked to the survey asking about a particular day only (the 'reference day') while interviews asked about occupancy at the setting in more general terms.

2.2.2 Variation across age groups

Providers' experiences of how occupancy varied by children's age group covered the full spectrum, ranging from occupancy being highest for babies and toddlers to it being highest for 3-4-year olds or not varying across age groups. Participants also mentioned that differences in occupancy across age groups could change over the year and from one year to another, and felt that parental demand for places for 0-2-year olds fluctuated more than for 3-4-year olds.

A common theme raised by respondents at providers with different experiences of variation across age groups was the influence of funding for 2-year olds and for 3-4-year olds, which they perceived to affect occupancy by driving up parental demand and linking start dates for children to school terms (i.e. children starting in January, April or September). For example, one view was that demand for 2-year-old places at the setting had increased because of the introduction of government funding for 2-year olds from low income families:

We're getting a few more two-year olds because of two-year funding. That was an age group that they were either starting as a baby or starting when the three-year-old funding kicked in, but now we're getting a lot of two-year olds starting... So that's had quite a big impact.
– *Group-based provider, private, not part of a chain, id32*

Participants at settings where occupancy was highest for 3-4-year olds – all of which were in areas with low levels of deprivation – referred to parental access to 30 hours funding as a key driver of demand. Finally, respondents who said their setting had a very low or no demand for under 2s also related this to parents not being able to afford to enrol their children without funded hours.

2.2.3 Variation across session times

Occupancy did not vary across session times in all settings but where it did, the pattern was that the occupancy was higher in the morning and lower in the afternoon. This is consistent with official statistics showing that spare capacity was highest in the afternoon for both group-based and school-based providers (Department for Education, 2019). There were participants who reported having full occupancy in the morning and only having spare capacity in the afternoon. One view expressed in the interviews was that the occupancy of afternoon sessions fluctuates more over the week compared to the morning, due to parents' differential take-up of the extended hours offering.

Participants attributed the greater popularity of morning sessions to how parents use their time as well as to children's attention-span. They felt that parents preferred to do their errands and chores in the morning and spend time with their children in the afternoon. They noted that it was easier for parents to drop their children off in the morning if they had older

siblings going to school, and commented that parents who worked part-time would generally work in the morning rather than the afternoon.

I think it's parents' preference that they prefer to drop off the children in the morning, go and get their work done quickly, and then in the afternoon they're off from work a bit earlier. The other reason could be that some of the parents are not in work, so therefore they would rather do their runs in the morning and then come and pick the children in the afternoon. – *Group-based provider, private, part of a chain, id22*

Interviewees also thought that children were more awake and performed better in the morning, as opposed to the afternoon when they get tired. This was considered to be especially the case for younger children.

2.2.4 Variation across days of the week

Participants reported either no variation in occupancy across days of the week or variation related to parents' working patterns. Generally, they stated being busiest in the middle days of the week, which is in line with published SCEYP findings indicating that occupancy tends to be lowest on Mondays and Fridays (Department for Education, 2019). Some respondents mentioned being at full capacity mid-week and only having spare places on Mondays and Fridays. Interviewees perceived this variation to be related to parents' working arrangements, and noticed that many parents at the setting worked part-time and/or flexible hours and were most likely to work mid-week and take Mondays and Fridays off to extend the weekend. They also commented that some parents worked from home on Mondays and kept their children with them.

I think that's why the midweek gets fuller because if mum only wants to do three days after being on maternity, it always seems to be midweek that they're going to go back to work. – *Group-based provider, private, part of a chain, id27*

At providers where variation in occupancy across days of the week followed a different pattern (e.g. quietest on Thursdays, or busiest on Fridays), participants still ascribed this to parents' working patterns. For example, a setting where Mondays and Fridays were the busiest days was located close to a big employer for women in the area where Mondays and Fridays were changeover days.

In addition to parents' working patterns, respondents referred to the setting's provision as influencing variations in occupancy across week-days. For example, one view among those at settings that were closed or charged on bank holidays was that this drove down parental demand for places on Mondays. Others felt that specific days were especially

popular because of extra-curricular provision at the setting (e.g. swim school) taking place on those days.

2.2.5 Variation throughout the year

In terms of how occupancy varied throughout the year, respondents generally reported numbers building up over the academic year, and this trend being consistent from year to year. This informed their expectations on occupancy levels, and consequently their planning and decision-making.

[The 3-5-year olds room] can be slightly quieter in September, but we've never had anything that's been really worrying because we know that we've got the children coming up from the babies and toddlers. – *Group-based provider, private, part of a chain, id27*

Participants attributed this trend of occupancy being lower in September and increasing gradually to reach its peak in the Summer term to the combination of children reaching school age and moving to school in September, and children joining the setting throughout the year as they become eligible for funded hours. They noted that occupancy decreased in September for the older age groups, as children turned four and moved up to school.

It's just because the children go off to school, so we lost 16 of our children in July, to school... So our numbers are going to be low, because we haven't got 16 more children coming in, so we have to build that number up over the year. – *Group-based provider, voluntary, id15*

Conversely, they reported an increase in applications, as well as in hours booked for children who are already enrolled, when the funding for three- and four-year olds started.

We started off with ten, and then when we got to Christmas we had another four join, and when we get to Easter we've got another five joining. The same general pattern every year. More children join the nursery with each new school term as they turn 3 and become eligible for government funding. – *School nursery, id02*

Another factor perceived to contribute to occupancy increasing over the year was parents' tendency to book more hours or enrol their child before the end of the academic year to prepare them for school. Participants at school-based providers and group-based providers situated close to schools, in particular, referred to parents enrolling their child in the Summer term after receiving confirmation that they had a place in the reception class, so they can socialise with children they may go to school with.

Respondents at private group-based providers that were open the whole year observed that the summer holidays were the quietest period, as many children take the term time only option. They noticed that operating at considerably lower occupancy during the summer could be financially challenging for the setting, as it could then take some time before numbers went up again.

The summer dip is always hard. We might be down in the 70s, and then we have to work hard to get the occupancy back up... It's always the summer that creates a bit of a problem, and then September to December can be tricky. – *Group-based provider, private, part of a chain, id24*

Interviewees who reported no or very little variation in occupancy throughout the year all worked at settings with high occupancy levels, and stated they were able to fill all or most places in September due to high demand and waiting lists.

2.3 Changes in occupancy and spare capacity between 2018 and 2019: survey data

The analysis compared occupancy and spare capacity data from SCEYP 2018 and SCEYP 2019 in order to see whether there have been changes (it was not possible to compare with previous waves of SCEYP because of changes to the survey methodology).⁶

For group-based providers, there was no statistically significant change in the proportion of settings reporting spare capacity between 2018 and 2019. However, the average occupancy went up: the mean occupancy increased from 75% to 78% and the median occupancy increased from 79% to 83% (see Table 2 in Appendix B). The increases in occupancy were statistically significant in the South East, North West and London (see Table 4 in Appendix B). These findings should be treated with caution as the proportion of settings with spare capacity among group-based settings in these regions, or across England overall, did not change. (For more detail about regional differences in occupancy and spare capacity, see Chapter 3.)

For school-based providers, there was no evidence that spare capacity and occupancy in SBP settings changed significantly between 2018 and 2019. There was no evidence that the occupancy had gone up in a similar pattern to the group-based settings. The

⁶ Occupancy and spare capacity data collected in SCEYP 2016 was less comprehensive compared to later waves in the survey series. Namely, where settings offered different types of sessions including full day care sessions, they were only asked to report attendance and capacity for their full day care sessions, so data on their morning and afternoon session attendance and capacity is missing.

estimates suggest that on the contrary, occupancy rates in school-based settings might have gone down (e.g. the median occupancy was 88% in 2018 and 85% in 2019; see Table 2 in Appendix B), although none of the differences for school-based settings between 2018 and 2019 were statistically significant.

2.4 Providers' perceptions of time trends

This section presents interview participants' views on how occupancy at their setting had changed over the past few years, including perceived reasons for these changes, and their expectations for how occupancy might change in the future.

2.4.1 Changes over recent years

Interview participants reported different experiences of how occupancy at their setting had changed over recent years, including increases, decreases, fluctuations and no changes. There was no apparent relationship between time trends and provider type.

Factors cited by respondents who experienced an increase in occupancy included both external circumstances, such as higher birth rates and residential expansion where the setting is located, and aspects related to provision. In this respect, participants felt that the introduction of 30-hours funding had contributed to an increase in take up for children aged 3-4 and of whole-day sessions. However, participants who felt that government funding for 30 hours did not cover their costs pointed out that this increase in occupancy did not help financially.

In some ways, 30 hours is helping us because it increases hours, but we don't get the funding for that 30 hours to weigh up the costs. It is helping with occupancy, but it's not helping with expense payments.

– *Group-based provider, private, not part of a chain, id31*

Other factors related to the specific setting, included becoming more established and therefore more popular with parents, or working closely with the local children's centre who recommended the setting to families, especially those eligible for the funding for two-year olds. There were also instances of settings who had increased their capacity over the last few years to meet increasing demand.

Participants who reported decreases in occupancy also referred to both external factors and setting-specific aspects. Mirroring perceived explanations for increases in occupancy, one of the reasons mentioned for recent declines was low birth rates. Other external aspects were the opening of other settings in the area leading to increased competition, and families with young children moving out of the area due to rising costs of housing. In

terms of provision, respondents pointed to the reduced affordability of childcare to parents, as nurseries increase their fees to cover higher costs.

I just think, over the years, nurseries are just becoming quieter again because of the increase in fees to cover costs. I just don't think it's affordable to parents as much as it was before. – *Group-based provider, private, part of a chain, id20*

Participants at settings where afternoon provision had been discontinued also noted that this had led to a slight decrease in demand as some parents with eligibility for 30-hours funding opted for other settings.

Other respondents described occupancy as 'erratic', 'fluctuating' and also 'cyclical'. Those who referred to fluctuations and cycles, with occupancy increasing and decreasing every one to three years, attributed this to fluctuating birth rates.

I suppose because often families have babies two years apart from each other and so that's how our cycle seems to work, that we have a really strong year and then a less-strong year and then it picks up again. – *School nursery, id05*

2.4.2 Expectations for the future

Perceptions of how occupancy at their setting might change in the future differed among participants. There was consensus that this would be influenced by the number of eligible children in the local area rather than characteristics related to setting provision. One view was that occupancy would increase due to increased numbers of children in the area, either because of a rise in the birth rate or of families moving to the area.

There are lots of new houses going up. We've had lots of people ask for registration forms. We've got an open afternoon next week, so I think our numbers will be picking up quite rapidly soon. – *Group-based provider, voluntary, id12*

In contrast, other participants predicted occupancy would decrease in the following year, due to the effect of a lower birth rate. Finally, there were respondents who expected no changes in occupancy because of a stable birth rate and a lack of competition.

2.5 Providers' perspectives on the occupancy at their setting

This section discusses early years managers' framing of occupancy and the reference points used for self-assessing occupancy levels at their setting, as well as the factors they considered important when comparing these levels with other settings.

Participants rarely described occupancy at their setting as being 'high' or 'low'. Instead, they referred to the number of children enrolled compared to the number that the setting was registered for, as well as to variation across age groups, days of the week and the timing of sessions. They spoke about being 'at full capacity' or working 'below capacity'. There were instances where settings reported being at full capacity based on the number of staff employed rather than the maximum number of places that could be booked:

When I say that we're full, part of the problem at the minute is since I've started up in trying to recruit staff... We could take more children on those days, but I physically can't take more children at the minute because I haven't got the staff to do that. – *Group-based provider, voluntary, id16*

The reference points informing participants' thinking about occupancy at their setting included comparisons with previous years (as discussed in section 2.2, it was not unusual for occupancy levels to change from year to year) and comparisons with other early years settings. The extent to which participants were informed about other settings' experiences and compared parental demand and occupancy levels varied across respondents. Those who compared their setting's performance with others, did so with settings of the same type as well as of different types within the area. They drew on information gathered from personal contacts with staff working at different settings, and/or through more formal processes such as cluster meetings, local authority groups and district-level quality improvement network meetings.

We're lucky in our district that we do have quality improvement network meetings which are led by the early years team in our district and we have one of those a term. I am quite close to a lot of the managers and owners within our district, so we do talk about [demand and occupancy] quite a lot. – *Group-based provider, private, not part of a chain, id32*

The sources of information shaped participants' capacity to draw comparisons. Formal meetings and networks sometimes brought together settings according to specific characteristics, for example provider type and/or Ofsted rating, in which case comparisons were limited to settings with those characteristics.

From cluster meetings we're in talks with, and we do link up with other outstanding settings, it generally tends to be the same. – *Group-based provider, private, part of a chain, id25*

Participants who were informed about parental demand and occupancy in other areas, for example if they had worked in other settings or if the setting was part of a chain operating in different areas, also compared their setting's performance in relation to this. There did

not seem to be any difference in the information and reference points used for benchmarking occupancy between school-based and group-based providers.

When making comparisons with other settings, respondents referred to factors related to their provision to account for both similarities and differences. These included settings' size and finances, how long the setting has been established in the area, quality of provision (including Ofsted rating), specific/unique provision (e.g. for children with SEND, faith-based, extra-curricular activities), flexibility of hours, fees and age of child intake. Participants also explained similarities with other settings in the same area through external factors such as area deprivation, residential developments and birth rates.

We're all feeling it this year. It's a low birth year round here, so none of us - because we do talk, we go to cluster meetings - everybody's finding it a little bit on the quiet side this year. – *Group-based provider, voluntary1, id5*

3. Factors associated with different occupancy levels

3.1 Factors associated with different levels of occupancy and spare capacity

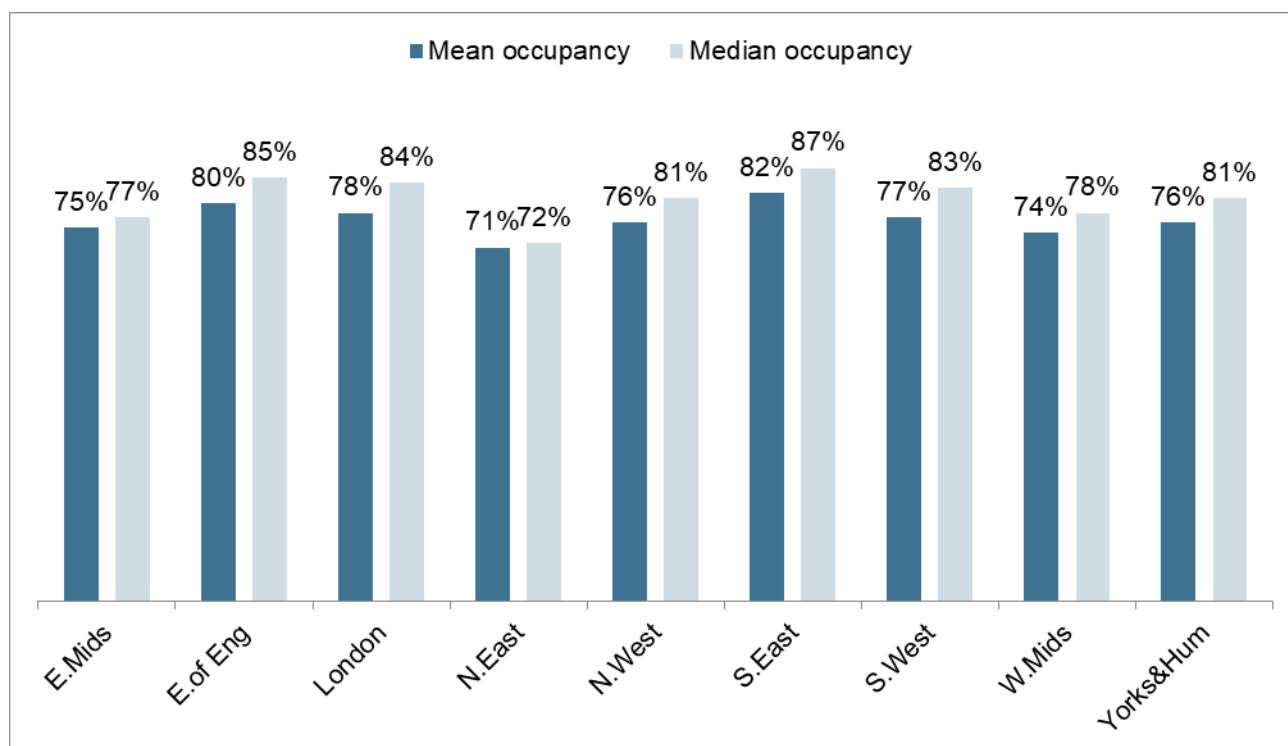
This section presents the results of analysis of data from the Survey of Childcare and Early Years Providers (SCEYP) 2019. The focus is on key factors associated with settings operating at higher occupancy/lower spare capacity levels. The section presents the findings for group-based and school-based providers separately. Details of the methodology are discussed in Chapter 1. When discussing the findings, we report on patterns that were statistically significant in both bivariate and multiple regression analysis, unless stated otherwise.

3.1.1 Analysis of group-based providers

Region, area deprivation and rurality

Occupancy and spare capacity varied by region, although the patterns of differences varied somewhat depending on which measure was analysed. Therefore, the results should be interpreted with caution. Settings in the South East had the highest average occupancy (a mean of 82% and a median of 87%), and settings in the North East had the lowest average occupancy (a mean of 71% and a median of 72%). On the spare capacity measure, the highest proportion of providers with spare capacity was in the North East (86%), which is consistent with the occupancy results. The lowest proportion of providers with spare capacity was in London (77%; see Figure 2 below and Table 3 in Appendix B).

Figure 2: Average occupancy at group-based providers, by region



Source: SCEYP 2019. See Table 3 in Appendix B for full results.

There was no consistent pattern of association between spare capacity and area deprivation (see Table 5 in Appendix B).⁷

Rural settings had lower occupancy than settings in urban areas. In rural areas, 87% of group-based settings reported spare capacity, compared with 80% of settings in urban areas. The average occupancy was lower in rural settings (a mean of 75% and a median of 78%) than in urban settings (a mean of 79% and a median of 84%; see Table 6 in Appendix B). This pattern was confirmed in the multiple regression analysis (see Table 17 and Table 19 in Appendix B).

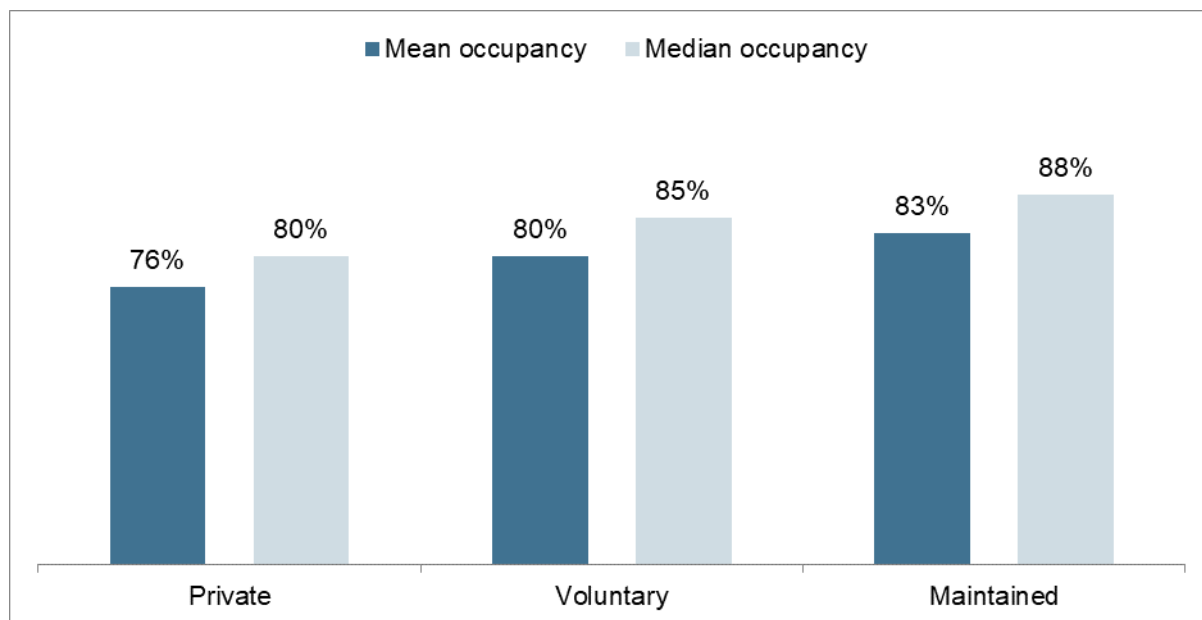
Type of setting and other setting characteristics

Private settings had the lowest occupancy (a mean of 76% and a median of 80%), and settings run by local authorities had the highest occupancy (a mean of 83% and a median of 88%; see Figure 3). Bivariate analysis also showed differences between

⁷ Area deprivation was measured in quintiles of the Index of Multiple Deprivation (IMD) 2015. The report uses the IMD rather than IDACI (the Income Deprivation Affecting Children Index) as the IMD covers more dimensions affecting local childcare markets. The IMD combines seven dimensions: income, employment, education, health, crime, access to housing and services, and living environment. The IDACI measures the proportion of children aged 0-15 living in income deprived families, it is a subset of the Income Deprivation Domain of the IMD.

chains and non-chains, with chain settings reporting lower occupancy than those not part of a chain (see Table 7 in Appendix B). However, this factor was no longer statistically significant in the multiple regression analysis for either spare capacity or occupancy (see Table 17 and Table 19 in Appendix B).

Figure 3: Average occupancy at group-based providers, by type of setting



Source: SCEYP 2019. See Table 7 in Appendix B for full results.

The analysis also looked at size of setting, opening weeks (whether setting was open beyond the school year) and opening hours per day. Whether larger settings had higher or lower average occupancy was inconsistent across different measures (see Table 8 in Appendix B). As regards the opening weeks, the bivariate analysis showed that providers open beyond the school year had lower occupancy than those only open during the school year (on both the occupancy and the spare capacity measures; see Table 8); however, this factor was not significant in multiple regression analysis (results not shown). The length of opening hours per day was a significant factor in both bivariate (see Table 8) and multiple regression analysis (see Table 17 and Table 19): settings open for a very long day (over nine hours) had lower occupancy than those open for three hours per day or less.

Profile of children attending the setting

The analysis looked at age profile of children (whether settings accepted under-threes), proportion of children with special educational needs and/or disabilities (SEND)⁸ and

⁸ The proportion of children with SEND was calculated based on all children registered with the setting regardless of their age.

proportion of children for whom settings received the Early Years Pupil Premium (EYPP).⁹

There were no consistent patterns of association between occupancy and the age profile of children at the setting (see Table 9 in Appendix B).¹⁰

There was some indication that settings that had children with special educational needs or disabilities (SEND) had higher occupancy rates than those without children with SEND. However, this pattern was only present for the occupancy and not the spare capacity measure (see Table 9). Moreover, in the multiple regression analysis, the only statistically significant difference was between settings with no children with SEND and those with up to 10% children with SEND, whereas those settings that had more than 10% children with SEND were not significantly different on the occupancy measure from those without any children with SEND (see Table 20 in Appendix B).

The results for the proportion of children for whom settings received the Early Years Pupil Premium (EYPP) were inconsistent (see Table 9, Table 18 and Table 20 in Appendix B).

3.1.2 Analysis of school-based providers

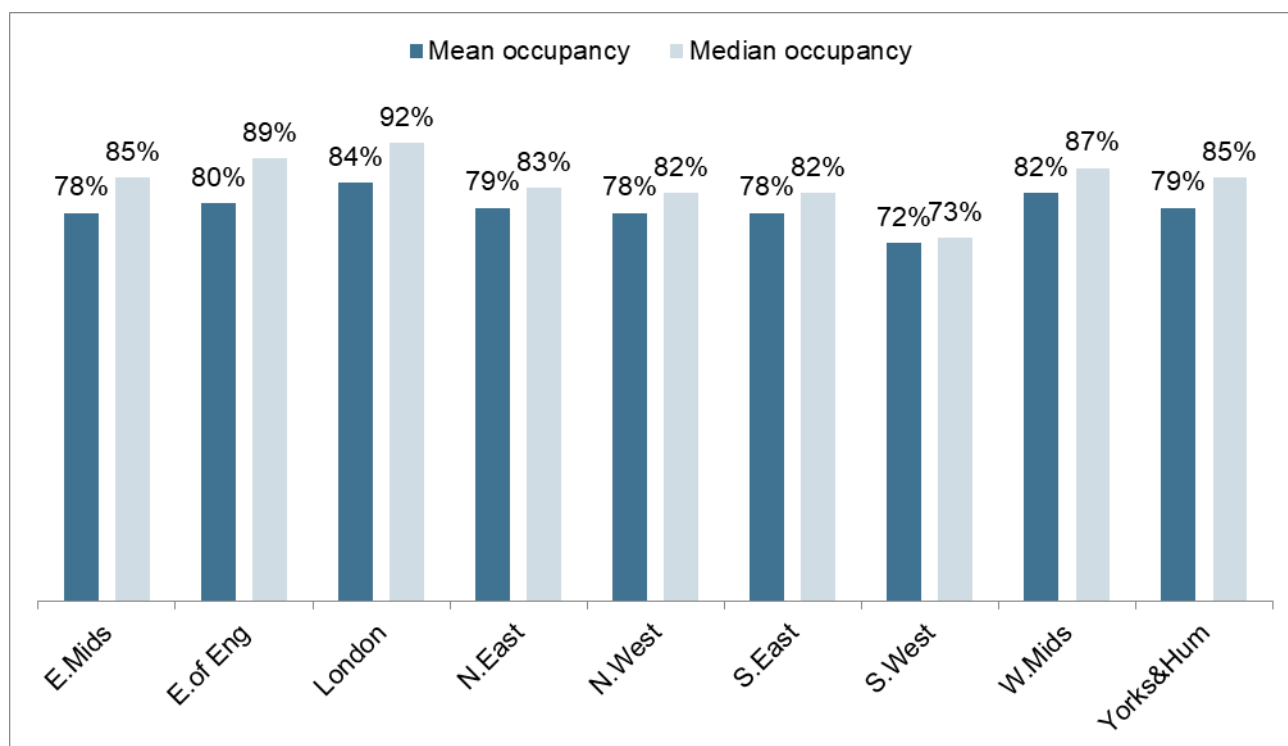
Region, area deprivation and rurality

Occupancy and spare capacity at school nurseries varied considerably between regions. Settings in London reported the highest average occupancy (a mean of 84% and a median of 92%, compared with 80% and 85% respectively for England overall), and they were the least likely to report spare capacity (66% of settings in London had spare capacity, compared with 73% of school-based settings across England; see Figure 4 below and Table 10 in Appendix B).

⁹ The proportion of children for whom a setting received EYPP was calculated in relation to the number of 3 and 4 year olds registered with the setting rather than the total number of registered children.

¹⁰ This may be due to the small number of group-based providers that did not have children under three (209 out of 4,509 group-based settings).

Figure 4: Average occupancy at school-based providers, by region



Source: SCEYP 2019. See Table 10 in Appendix B for full results.

There were no consistent patterns of association between occupancy, spare capacity and area deprivation (see Table 12 in Appendix B).

Similar to the findings for group-based settings, there was a clear pattern that settings in rural areas had lower occupancy than settings in urban areas (see Table 13 in Appendix B). This association was still present after controlling for other setting characteristics in multiple regression analysis (see Table 21 and Table 23).

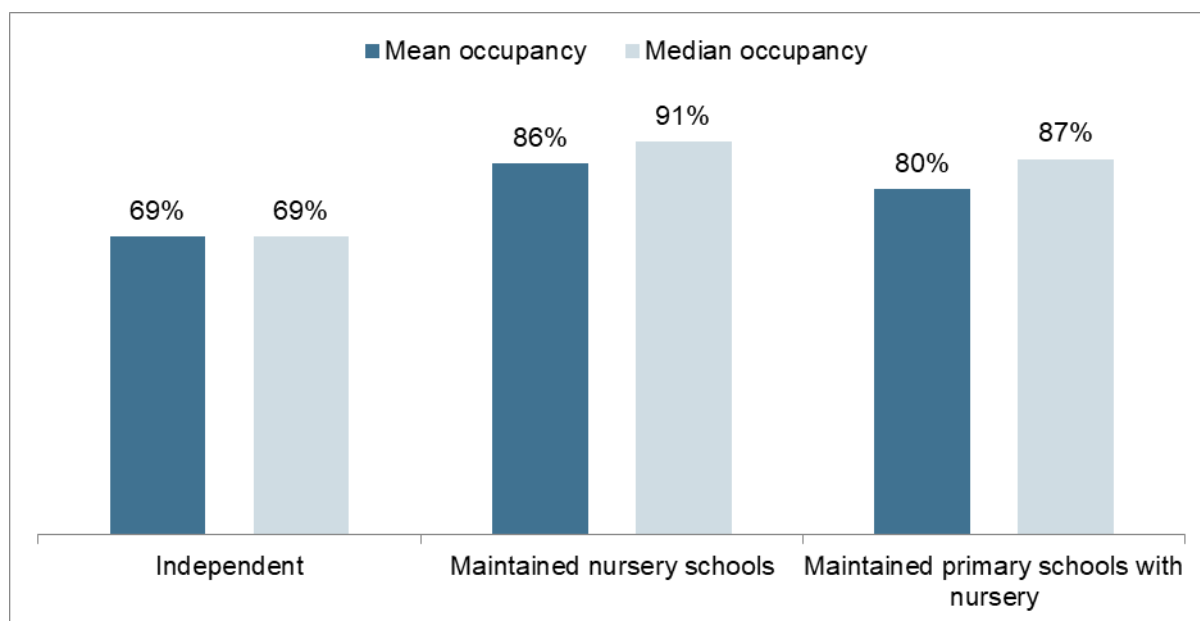
Type of setting and other setting characteristics

Nurseries in independent schools had consistently lower occupancy (a mean and median of 69%), compared with nurseries in maintained schools,¹¹ across all measures.

Maintained nursery schools had higher occupancy (a mean of 86% and a median of 91%) than nurseries in maintained primary schools (a mean of 80% and a median of 87%). However, this pattern was only present for the occupancy, and these two types of school-based providers had similar proportions of settings with spare capacity (71% and 72% respectively; see Figure 5 below and Table 14 in Appendix B).

¹¹ Maintained schools in this analysis include all state schools, including those that were academies or free schools.

Figure 5: Average occupancy at school-based providers, by type of setting



Source: SCEYP 2019. See Table 14 in Appendix B for full results.

There were no significant differences in the proportion of school nurseries with spare capacity according to setting size; however, for the occupancy measure, bivariate analysis indicated somewhat higher occupancy at larger nurseries (see Table 15 in Appendix B). In multiple regression analysis, size of setting was not statistically significant for either occupancy (see Table 23) or spare capacity (see Table 21).

The bivariate analysis showed that settings open beyond the school year had lower occupancy than those only open during the school year (see Table 15 in Appendix B). However, this factor was not significant in regression analysis (results not shown).¹²

Settings open for three hours per day or less had the lowest average spare capacity rate (61%) and the highest occupancy rate (a mean of 84% and a median of 92%), and settings open for a very long day (over nine hours) had the highest average spare capacity rate (83%) and the lowest occupancy rate (a mean and median of 73%; see Table 15 in Appendix B). This pattern held also in the multiple regression analysis (see Table 21 and Table 23).

Profile of children attending the setting

Bivariate comparisons showed that school nurseries with children under three reported lower occupancy than nurseries that did not have such young children (see Table 16 in

¹² This may be due to the small number of school-based providers open beyond the school year in the analysis dataset (119 out of 1,936 school-based settings).

Appendix B). However, this factor was not statistically significant in regression analysis (see Table 21 and Table 23).

There was some indication from the bivariate analysis that school-based providers that had children with SEND had somewhat higher occupancy than those without children with SEND (see Table 16). However, the findings from regression analysis were inconsistent (see Table 22 and Table 24).

Looking at the proportion of three and four year old children for whom settings received EYPP, this characteristic did not seem to be associated with the binary spare capacity measure (see Table 16). However, on the occupancy, there was a clear pattern that settings with no children receiving EYPP reported lower occupancy compared with settings that had EYPP children (see Table 16), even after controlling for settings' other characteristics in regression analysis (see Table 24 in Appendix B).

3.2 Providers' perceptions of the factors affecting demand for places

Participants reported a large array of factors that they perceived to affect demand for places at their setting. These can be broadly separated into 1) area characteristics, and 2) setting characteristics.

3.2.1 Area characteristics

Participants stressed the influence of area characteristics on demand for places. These included the area being rural or urban, its level of deprivation, and aspects of the setting's location, such as accessibility and population characteristics.

Rural / urban

Early years managers in both rural and urban areas described factors related to their area's rural or urban character, which they deemed to both positively and negatively influence demand for places.

Participants felt that being in a rural location could be advantageous. They referred to the existence of 'tight-knit' communities in rural locations, which were thought to positively influence demand for places because 1) they facilitated word-of-mouth recommendations, 2) they developed a sense of loyalty within the community to existing provision, 3) siblings and children across generations within the same family were more likely to attend the same nursery, and 4) some nursery staff had grown up locally and were well-known to parents and carers.

It's a very close community, very close-knit community, so with the preschools, both preschools have been open for 50 years in [this area]. People are very loyal to what they've already got. – *School nursery, id01*

Another perceived advantage of rural settings was that they were less likely to experience competition from other providers than those located in an urban or suburban area. There were reports from participants working in rural settings that their provider was the only early years provider in the area, or that they were the only provider offering a certain type of provision (e.g. school-based or preschool).

We've got a high demand from the people from that village wanting to come to us because there's no Early Years settings in that village. – *Group-based provider, voluntary, id15*

Being situated rurally (e.g. near the woods) also facilitated forest school provision and/or an outdoor ethos in some cases, which was reported to be popular with parents (see further discussion of this point in the section on setting characteristics later in this chapter).

We've got a huge outdoor area that's connected to the nursery... we're out there all year round, really. A lot about the wildlife and the animals. That's what parents are wanting. – *Group-based provider, private, not part of a chain, id29*

In contrast though, respondents also mentioned one disadvantage associated with being rural. They reported suffering from a limited number of children living locally (e.g. in the case of one nursery situated next to an RAF base) and/or struggling to draw in families from other villages or surrounding countryside.

Managers of early years providers situated in urban locations also discussed how their location was working in their favour. These participants reported that being in close proximity to multiple points of interest (such as travel agents, pet shops, libraries, parks, supermarkets and other amenities) positively influenced demand for places as 1) it enriched their provision and 2) it allowed parents to do other activities (such as their food shopping) after dropping their children off at nursery. These aspects were deemed by participants to be crucial factors in parents' decision-making around nursery choice.

Respondents also felt that being situated in – or near to – large, residential housing areas created high levels of demand for places in urban settings due to the sheer number of families living close by, and because parents wanted their children to attend a nursery near to where they lived.

The area we live in, there is a massive building project going on at the moment and a lot of people are moving into the area looking for places for their three and

four years olds, so there's a lot of demand on those places currently. – *Group-based provider, voluntary, id15*

However, having an urban location was also perceived to come with disadvantages. Participants suggested that urban providers experience higher levels of competition from other settings. One example was a nursery which was having to compete with nine other settings within a three mile radius. Overall, it was felt therefore that while urban providers tend to benefit from large numbers of children in their vicinity, they also face tough competition from other providers to attract these children.

Area deprivation

Participants from nurseries located in affluent areas described how affluence in their area helped them to fill spaces. They detailed how demand for places benefited from having a higher proportion of parents and carers in (well-paid) work. Respondents noted how, on the whole, working families were eligible for the 30 hours government funding for their 3-4 year olds, meaning they tended to take up more hours in the nursery than lower income families who were not in work (as the latter were generally only eligible for 15 hours funding). Affluent parents were also thought to increase demand as they were more able to afford childcare without the need for government funding, driving up the demand for baby places and extended hours for all ages.

Additionally, parents who worked full-time hours and/or commuted long distances, regularly required all-day care for their children, five days a week. Managers at settings offering extended hours reported that children of affluent working parents regularly attended their nurseries from 7:30am to 6pm every day.

Finally, interviewees observed that being in an affluent area mitigated against some factors that negatively influence demand. For example, factors such as inaccessibility of a specific nursery location were mitigated by the higher prevalence of car ownership amongst affluent families.

Participants from providers located in areas with high levels of deprivation discussed how deprivation affected demand for places at their nurseries. The perception was that the higher prevalence of parents on low incomes created an increase in demand for places for government funded 2 year olds, but lowered demand for places overall. Families on low incomes could usually not afford to pay for nursery places, and those who were not working were not entitled to the 30 hours government funding for 3-4 year olds, meaning their children took up fewer hours in nursery than children of affluent parents.

Our customers, parents, they are from low social economic backgrounds, so they do take up the 15 hours, but we haven't had a high demand for the 30 hours, which we were hoping for. – *School nursery, id03*

Furthermore, participants highlighted how high levels of deprivation could impact on the take-up of places among families on low incomes, even when they were eligible for government funded hours. Participants felt that poverty impacted on attendance due to poorer families living in chaotic circumstances and not being informed about their government funding entitlements, and therefore not registering their children at nurseries in time. Participants also described how inaccessibility of the setting and lack of access to transportation were important barriers to children's regular attendance.

Participants in areas characterised by both affluence and deprivation described how having a 'mixed-catchment' of families – of both higher and lower economic status – positively influenced demand, since different types of families were eligible for different types of government funding (i.e. 15 and 30 hours).

Specific location

Participants also described location-specific factors that affected demand for places at their settings, such as how easy it was to access the nursery, the convenience of its location and specific characteristics of the local population.

Research participants regarded settings' 'ease of access' (regardless of urban/rural location) to be a crucial factor increasing demand for places. Being able to easily walk or drive to the setting (as well as easily park your car) was deemed by providers to be a very important factor for parents, as it meant an "easy drop-off". Settings situated on, or just off, prominent roads (such as a motorway, or link road) benefited from parents being able to drop off / pick up their children easily on the way to and from work. Furthermore, being situated close to other key transport links, such as train stations, was thought to promote providers' accessibility, especially for commuting parents. Early years managers in both rural and urban areas discussed how being situated in locations that were difficult to access negatively affected demand for places and was particularly problematic for settings in deprived areas. Participants thought that not being within walking distance, as well as having minimal reliable transport links close by (such as a frequent bus service), greatly suppressed demand.

We're based in the centre of the village, but the housing estates have all been built on the periphery, so for those people that don't have transport and stuff, that's quite a way for them to walk. – *Group-based provider, voluntary, id15*

Early years managers also described how convenience was an important consideration for parents when choosing a provider. Participants reported that many families preferred to use the provision local to where they lived or worked. They noted that settings in residential areas or near to places of work (e.g. a business park or office buildings) benefitted from higher demand. Additionally, participants spoke about the convenience of

being situated near local schools, enabling parents to drop off older siblings at the same time as their nursery children.

The profile of the local population was mentioned a number of times as a factor affecting demand for places. In particular, participants discussed the older population in their area (e.g. retirees) suppressing demand, since there were fewer families with nursery age children. An unstable population, with many people moving in and out of the area, was also thought to negatively influence demand for places, as families may initially enrol their child in nursery but then move away (taking both their nursery age child and any future siblings with them). This was a particular concern for providers located near to Armed Forces residences, where families tended to move every three years.

Another factor mentioned by interviewees related to families from minority ethnic backgrounds. There was a view amongst participants that based on different cultural norms, certain groups were less likely to access early years provision and more likely to keep their children at home until primary school than the population as a whole. Respondents felt that being located near to these communities tended to drive down demand for places at the setting.

Birth rates was also described as an external factor creating fluctuating demand (when the birth rate was low demand decreased, when the birth rate was high demand increased). Depending on their specific location, different participants perceived the current birth rate to be high in some cases and low in others.

There were years when there just weren't many children born, so there wasn't much interest in the places at nursery. – *Group-based provider, private, not part of a chain, id28*

3.2.2 Setting characteristics

Participants observed the influence of setting characteristics on demand for places. These included type of setting, structural characteristics and quality of provision.

Type of setting

The type of setting was perceived to be a major factor affecting demand for places. The main difference was between school-based nurseries and group-based nurseries (e.g. day nurseries and pre-schools).

Participants working in both school nurseries and group-based providers commented that being attached to a school positively influenced demand for places. They explained how families perceived children attending school nurseries to be more "school ready". Respondents attributed this to the assumption that school-based provider staff had better knowledge of the early years curriculum and therefore a greater awareness of how to

prepare children for school. They also felt that parents thought attending a nursery class would help children become familiar with the school environment and specific elements of school life (such as assemblies and lunchtimes), and “settle in” at an earlier age.

Linked to this, participants working in both school-based providers and group-based providers felt that parents were likely to choose a school-based provider if they had an interest in the primary school that the nursery was attached to. Respondents stated what they perceived to be a widely held belief amongst parents, that their children had a better chance of gaining a place in a first-choice primary school if they attended the attached nursery. The validity of this assumption seemed to differ according to the individual school. However, group-based provider managers expressed frustration at perceived ‘misadvertising’ on the part of some schools.

Unfortunately, some schools are basically saying, ‘Oh, well if you don’t take a place [in the nursery] then you’re not guaranteed a place at our school’, and so parents are thinking that’s the case...that isn’t true and they’ve been given misinformation – *Group-based provider, private, not part of a chain, id32*

Participants also described how school-based providers gained status and visibility through being attached to a primary school, since schools contain multiple age groups and tend to be prominent organisations within the community. They noted that in families with older children attending the primary school already, this drove up demand for places in the nursery. Furthermore, interviewees explained how the presence of an effective headteacher provided authority and gave parents a sense of trust in the nursery provision.

Another view was that school-based providers took advantage of their primary school’s resources (such as iPads, school buildings and school grounds) in a way that was not possible for GBPs, especially the smaller ones. It was expressed that parents preferred nurseries that were well-resourced, and well-stocked with diverse learning tools and facilities.

On the other hand, there was also a view that school-based nurseries had characteristics which could negatively impact on demand for places. For example, these providers tend to offer more limited provision than group-based providers with regards to opening hours and weeks, an aspect that was seen to be particularly unpopular with parents who worked full time, long hours, did shift work, and who required full-day care all year round. A related point was that SBPs tended to only offer inflexible, set patterns for sessions, meaning parents were unable to pick and choose the sessions that best suited them and their children.

A lot of school-based nurseries have set patterns, so [children] have to either do mornings or afternoons, or Monday to Wednesday lunchtime or Wednesday

lunchtime to Friday...but parents find [flexible patterns] better in terms of fitting in with work. – *School nursery, id05*

Participants discussed several key factors that positively influenced demand for places at group-based settings. As discussed earlier, many group-based settings tend to offer longer opening hours and weeks than many school-based settings, which was seen to increase demand for places (especially among working parents). Early years managers described how in some cases, their nursery was the only setting locally offering extended hours, making them more competitive.

25% of our families use the early start option, which is 7:30am... it is popular. – *Group-based provider, private, part of a chain, id21*

It is worth noting that whereas the long opening hours were commonly perceived to increase demand for places at the setting, the quantitative analysis in section 3.1 showed that settings that were open for over nine hours had in fact the lowest levels of occupancy across all sessions. This discrepancy highlights that not all factors that are perceived to increase demand for places necessarily lead to higher occupancy rates.

The flexibility of the provision regarding drop-off and pick-up times and the option to choose sessions across the week were discussed as another factor increasing demand for places at group-based providers. This flexibility was thought to be popular with parents who worked part-time, shifts or irregular hours, as well as parents who were juggling the schedules of multiple children.

We're flexible. As long as we know what's going on and the children are getting at least two hours a day, then we can sort something for parents. – *Group-based provider, voluntary, id15*

Furthermore, participants confirmed that families seeking nursery provision for children aged two and under primarily looked to group-based providers, as school-based providers tended only to offer provision for 3 years onwards. Despite this, respondents also mentioned how in some areas, school-based nurseries were starting to compete for 2 year olds by extending their offer.

Early years managers also detailed how group-based providers sometimes encouraged demand through offering specialist provision, targeting specific groups of parents. In some cases, this was because the setting was attached to a particular organisation or workplace, such as a church, university or the Armed Forces, and a certain number of places in the setting were allocated to children of parents who worked in, or attended, those organisations. Sometimes, such families were offered discounted nursery prices. Participants also reported how offering specialist SEND provision could promote demand among families requiring such provision.

Additionally, there was a view that a 'child-led' approach to teaching and learning was popular with some parents, and so, group-based providers offering such provision benefited.

Structural characteristics

Participants discussed how structural characteristics could affect demand for places. These included pricing, the physical environment and facilities, nursery ethos and religious affiliation.

Respondents expressed the view that affordable and competitive pricing drove up demand for places in settings irrespective of setting type or location, and especially in less affluent areas. They also thought that offering 30 hours government funded places was crucial for securing business, partly as it enabled some parents to go back to work.

The pre-school room is busier now because of being offered the 30 hours funding...children can have three full days, or split the 30 hours, or stretch the 30 hours, which then enables them to come all year round. – *Group-based provider, private, part of a chain, id19*

Conversely, managers felt that non-competitive pricing, or pricing which did not reflect local family incomes, could negatively affect demand, even when the quality of the nursery provision was perceived to be high.

The nursery building, layout and/or facilities were considered important factors affecting demand for places. The availability of an outdoor area was seen to be popular due to parents' desire for their children to get fresh air during the day and experience outdoor learning. Access to sporting facilities was also thought to encourage demand. Additionally, participants expressed the view that some parents preferred nurseries to be in a 'home-like' building, for example, a house or a church school room, as opposed to wide, open halls. However, being a 'pack-away' setting (i.e. a setting renting space such as a church hall and therefore needing to put away their things at the end of the day) was thought to put some parents off, due to perceptions around lack of resources and low-quality learning environments.

We have had parents that have come and said, "Well, you don't own this building so how can you set up an environment that is suitable to my child?". – *Group-based provider, private, not part of a chain, id35*

There were differing perceptions of whether being a large or a small size setting was advantageous; small nurseries were thought to provide security and comfort, whereas larger settings were thought to provide more opportunities for different types of play.

Participants highlighted the beneficial impact on demand of a well-regarded nursery ethos and approach to learning. For example, an 'outdoor ethos', including in settings which offered forest school provision, was deemed to be increasingly popular amongst parents who were keen for their children to play and learn away from the traditional classroom setting. Furthermore, managers working in settings which did not use technology such as iPads, and which followed approaches such as the 'Inspire approach' (involving the introduction of natural and sensory household items into the nursery to help engage children sensorially, for example using sticks and stones instead of a counter to teach children how to count) considered this to be popular among parents.

Participants working in settings with religious affiliation (including both school-based and group-based providers) reported that it was an important factor for encouraging demand among some families, especially in the case of providers that were the only religious early years provision in the area.

We have some quite good links with the church, and I think parents like it. We are the only church preschool in the area, so I think that makes us slightly different, and obviously lots of families from the church will choose to use our provision. – *Group-based provider, voluntary, id14*

Quality of provision

Perceived quality of provision was reported by providers to be an important factor attracting parents to particular settings. Reputation in particular was discussed as a key factor influencing demand. Participants cited their nursery's 'Good' or 'Outstanding' Ofsted rating, as well as their setting's longevity, as important drivers of demand for places. Having a good reputation around SEND provision and inclusion was also considered as a factor which helped to increase demand. Settings with a good reputation could often rely on word-of-mouth recommendations to fill places, without having to advertise.

Another factor perceived to increase demand was nursery atmosphere and environment. Interviewees reported that parents were looking for *warm, caring, professional* and *friendly* nursery environments when choosing where to send their children.

I think when parents look around, they can really see that it's a quiet, calm atmosphere...which is important because they want to know what kind of atmosphere their children are going to be in for many hours of the day. – *Group-based provider, voluntary, id14*

Participants described how low staff turnover appealed to parents, as nursery staff were able to build relationships with children and families over time (increasing demand for sibling places) and provided consistency and stability for children. Additionally, they

believed that low staff turnover could lead to the build-up of very experienced staff teams, and that it demonstrated the presence of fair working conditions for staff.

We've got members of staff who are working with the children and the grandchildren of parents and grandparents that they worked with when those now adults were nursery children, so there's a great deal of continuity. – *School nursery, id08*

Early years managers discussed the importance of highly qualified staff (i.e. at Level 5 or 6) because it reassured parents that staff knew what they were doing and allowed nurseries to appear more professional. Participants working in school nurseries highlighted the attraction of having a fully qualified teacher present at all times for parents who were seeking academically rigorous provision.

Finally, positive relationships with the wider community, whether that be parents of nursery children, other local families and groups, and/or early years organisations and personnel, was an important factor that could encourage demand for places. This provided settings with a means through which to communicate the advantages of choosing their provision and to further enhance their reputation.

4. Staff to child ratios

In this chapter, we discuss overall patterns of staff to child ratios at different types of settings in the qualitative sample, ratio fluctuations, why they occur and the strategies that nurseries employ to mitigate against them. Decisions about whether to operate at statutory ratios or to have additional staff members are discussed in Chapter 5. All data used in Chapter 4 is from the qualitative interviews.

4.1 Overall patterns of ratios

Early years providers in England are required to follow the Statutory Framework for the Early Years Foundation Stage. The framework stipulates that staffing arrangements at early years settings “must meet the needs of all children and ensure their safety” (Department for Education (2017): 23). Providers have a degree of flexibility in deciding how to deploy staff to ensure children’s needs are met, however, there are statutory requirements for minimum staff to child ratios based on the total number of staff available to work directly with children:

- For children aged under two, there must be at least one member of staff for every three children.
- For children aged two, there must be at least one member of staff for every four children.
- For children aged three and over, there must be at least one member of staff for every eight children, unless there is a person with a Qualified Teacher Status, Early Years Professional Status, Early Years Teacher Status or another suitable level 6 qualification working directly with the children, in which case the ratio must be 1:13.
- For all age groups, at least one member of staff must hold a full and relevant level 3 qualification. (For further detail on staff qualifications and ratios, see DfE (2017).)

Early years providers may choose to operate at more generous staff:child ratios than the minimum requirement described above for each age group, and prior research suggests that some do so (Christie & Co, 2019; Melhuish and Gardiner, 2017).

Participants in the qualitative sample indicated that their settings were operating at either statutory or above-statutory staff:child ratios. There were no reports of providers falling below statutory requirements, although there were instances of settings struggling to maintain their ratios. This was a concern for settings operating at both statutory and above-statutory levels. The key drivers behind nurseries’ decisions to maintain statutory staff:child ratios, or to operate at more generous ratios, are discussed in Chapter 5.

Participants working in settings operating at statutory ratios, described adhering closely to the statutory framework. In contrast, participants working in settings operating at

above-statutory ratios, described how their settings aimed to have at least a half to four 'spare' member(s) of suitably qualified staff available, above minimum requirements.

[We operate at] ratio plus one every single day. – *School nursery, id07*

There were examples of providers deciding to operate at statutory ratios in some of their rooms (based on age of the children) and at more generous levels in other rooms. This was based on providers' perceptions of appropriateness of the statutory requirements for each age group (e.g. 1:8 ratio for three year olds was deemed too onerous for staff by some providers).

In the little room, we work on the statutory... but in preschool we actually try to work on 1:6 if we can... I just feel that 1:8 is quite a lot, especially because we do find more children these days coming in not really potty trained. – *Group-based provider, voluntary, id17*

In addition to staff counted towards ratios, early years managers reported employing 'runners' for ancillary jobs, such as toileting, answering the door and making snacks. For example, staff aged under 17, as well as some apprentices and other unqualified staff, are not eligible to be counted towards staff:child ratios and were therefore asked to take on more routine tasks within the nursery. These additional staff were employed (usually on lower pay than qualified practitioners) to take some of the pressure off practitioners working directly with children, often whilst gaining experience and training towards a relevant qualification.

I also provide a runner as well and that runner does those ancillary jobs for the day. Bearing in mind that I do that on both floors of my setting, even if I had... five qualified members of staff... I'm probably actually employing eight people to make that day run smoothly. – *Group-based provider, private, not part of a chain, id33*

Participants at settings operating at both statutory and above-statutory levels discussed a number of external factors (examined in section 4.2) which occasionally made their staff:child ratios fluctuate. A key difference between settings was whether they adapted their staffing levels in response to these external factors or not. One approach was to adapt staffing levels to always maintain ratios at the desired levels (whether statutory or above-statutory). Another approach was to maintain consistent staffing rotas irrespective of external factors, leading to more or less generous ratios (within statutory requirements) depending on variations in occupancy and attendance of children and staff.

4.2 Fluctuations in ratios

It was not unusual for early years settings to experience fluctuations in ratios. Participants discussed variable child attendance, staff absences and natural variation in occupancy among the factors causing their ratios to fluctuate from time to time.

When a child does not attend nursery on a particular day due to sickness or another reason, this can result in settings operating at slightly higher staffing levels than usual. Participants working in settings that have mixed age groups in the same room also described how the age of the child(ren) absent could impact on ratios. Given that ratios are more generous for younger age groups, the absence of a younger child would have a greater impact on the overall ratios in the room, compared with the absence of an older child.

It could be that, because we've only got two under-threes in because two are off, and then five over-threes in, obviously, the ratio's going to be better than if it was the other way around. – *Group-based provider, voluntary, id15*

Staff absence due to sickness or annual leave also could lead to less generous ratios for periods of time. However, this option was only available to settings that usually operated at above-statutory staffing levels. Settings that usually operated at the minimum statutory requirements had to replace absent staff through moving staff around the setting or bringing in external practitioners (from an agency or another setting in the same chain).

Natural variation in occupancy levels over certain time periods, such as the day, week or year (see Chapter 2 for details) was another factor causing ratios to fluctuate. Managers observed that maintaining generous ratios over key transitions during the day, such as session changeovers, was a particular challenge due to higher occupancy levels during these periods. In school-based nurseries, higher occupancy levels over lunchtime was combined with class teachers' need to take their main break during this time, resulting in less generous ratios.

Early years managers also reported experiencing variation in occupancy over the course of the week. If staffing remained consistent over the week, then staff:child ratios were likely to become more generous on quieter days (e.g. on a Monday and a Friday).

You've always to have two members of staff in for whatever children you've got. It can be that on a Monday and a Friday particularly, there'll be two members of staff in, but we won't have 12 children in. So, the ratio's quite nice, then, for the children. – *Group-based provider, voluntary, id15*

Participants discussed how providers' occupancy levels tended to fall in September, rise throughout the academic year, and then drop off again towards the end of the Summer term. As a result, providers that kept their staffing levels consistent irrespective of occupancy, experienced more generous staff:child ratios in the early part of the academic year when occupancy was lower.

Because our staff are on year-round contracts, it means children settle in the autumn and through the first part of the spring term, we have more staff for the children. So, our ratios are better at the start of the year. – *School nursery, id08*

In addition, early years managers working in settings that opened all year and employed staff on year-round contracts described how their staff:child ratios tended to become more generous during school holidays (when occupancy was lower).

Participants also discussed the changing occupancy levels over recent years and their effect on ratios. They reported how ratios at their setting had either become more or less generous compared with previous years, due to occupancy increasing or lowering over time, but staffing levels remaining the same. Other settings experienced stable staff:child ratios over time, irrespective of occupancy levels (see section 4.3 for more detail).

Maintaining staff:child ratios over time relied on settings being able to recruit suitably qualified staff. However, some participants reported experiencing recruitment challenges at their settings, especially in the case of group-based providers. Participants described what they thought to be a common perception among practitioners that school-based providers tended to offer more favourable pay, conditions and progression opportunities. They highlighted how challenges around recruitment had led to the ratios at their setting becoming less generous over time.

4.3 How settings maintain their ratios

Early years providers that aimed to maintain ratios at a desired level (whether that be statutory or more generous than statutory) employed a range of approaches to mitigate against fluctuations. These included changing staffing levels in accordance with occupancy and moving existing staff within and between settings.

One strategy was to employ additional staff members for busier periods. This meant employing morning-only staff or staff to work on busy days of the week only (e.g. Tuesday to Thursday). Early years managers also described employing a temporary member of staff from Easter onwards.

Another approach was to maintain consistently generous staff:child ratios across the year, even if this meant running at a loss during quieter periods.

Participants discussed responding to changes in occupancy levels at their setting over time by either recruiting additional staff members if occupancy levels increased or reducing their staffing (through redundancies or reduced contractual hours) if occupancy levels decreased and put a financial strain on the setting.

Another way providers prevented fluctuations in staff:child ratios was to mobilise 'non-frontline' staff within their settings when needed. In addition to 'frontline' practitioners, participants reported that nursery management team members could be supernumerary and could therefore be called upon in the case of staff absence or during particularly busy periods. Nursery owners who had (at least) Level 3 qualifications could also work directly with children if necessary.

We're always really well-staffed, I [the manager] generally am supernumerary, so when I haven't got admin, funding, bits like that to do, I'm always an extra member of staff. I think it's really good to have high levels because I can always jump into the rooms if needed.
–*Group-based provider, voluntary, id14*

Moving existing staff between settings was an option available to providers that were part of a larger organisation. For example, participants at school nurseries mentioned maintaining statutory ratios by temporarily transferring nursery staff into the school if sessions had particularly low occupancy. If they needed additional staff in the nursery, staff from within the school could be moved. Group-based providers that were part of a chain could prevent a particular setting falling below statutory requirements through redeploying staff members from elsewhere in the chain. Participants felt there was a benefit in being able to move staff around fluidly between settings in response to need and from being able to make use of 'surplus' staff.

5. Decision-making regarding occupancy and ratios

This chapter uses data from the qualitative interviews and discusses how early years providers make decisions about occupancy and ratios at their setting. This includes the process of decision-making (what decisions are made, by whom and when), considerations taken into account and perceptions of impacts from the decisions.

5.1 The decision-making process

As part of their day-to-day running, settings need to make decisions about the number of children to enrol and the number of staff members to employ. The legal framework sets general parameters which settings must adhere to. The minimum staff:child ratio is based on the number of children, the age of the children and the number and qualifications of staff (Department for Education, 2017; see also Chapter 4). The maximum number of children a setting can enrol is based on the physical capacity of the setting and is documented in the setting's registration with Ofsted (Department for Education, 2017).

Participants reported that senior staff had responsibility for ensuring the setting operated within legal parameters. Since there were changes to staffing and the number of children on the register throughout the year, they acknowledged that senior staff had to monitor levels on an ongoing basis. In school nurseries, participants reported that those responsible included the headteacher, deputy headteacher and school business manager. In group-based providers, participants reported that those responsible could include the owner, manager and deputy manager. Participants reported that governors, the local authority and the county council oversaw decisions made by senior staff in schools, and for group-based providers, staff decisions were sometimes overseen by the nursery committee or area manager.

Although settings must operate within the legal parameters, participants noted that decisions about the specific parameters that their setting operated within were made by senior staff. Most of these decisions were made at fixed points in the school year, usually at the start of the year or before each term. However, as children and staff may leave and join the setting throughout the year, decisions were also made in response to these changes.

Decisions about occupancy were made in the context of demand and staffing levels. Participants working in settings with high demand and no difficulties in maintaining or increasing their staff levels explained that they were able to set the level of occupancy. They either decided to operate below or at full capacity. Participants in settings that decided to operate at less than full capacity described limiting the total number of enrolments, as well as the number of children in each session.

We are registered for 30, but we start to look at how things are once we get to about 26 children... By working out the square footage, etc, but we know from practice, 26 children is about as far as we are happy to go. – *Group-based provider, private, not part of a chain, id35*

In contrast, where demand for places was low, participants explained that they were not able to make the choice to operate at full capacity and instead operated at levels that were achievable. Similarly, difficulties maintaining or increasing staffing levels restricted the number of children settings were able to enrol. In these instances, participants mentioned limiting the number of children enrolled at their setting so that they could ensure statutory ratios were met.

Making decisions about how many staff to employ was also discussed as being part of day-to-day management of the setting. Senior staff decided to operate either at statutory staff to child ratios or with ratios higher than the statutory requirements (i.e. with more staff members per each child than required). In contrast to decision-making about child enrolments and booking children for particular sessions, which was primarily driven by demand for places, participants reported more active decision-making about how many members of staff to employ.

We still stick to the lower ratios, just to make sure that we provide that extra security for our children. So, we wouldn't be following that guideline... we as a nursery decided that we will always have that extra member of staff, just to be around, just in case. – *Group-based provider, private, not part of a chain, id28*

The extent to which decisions about occupancy and staff:child ratios were consistent with each other varied across settings. One of the approaches described by participants was to aim for full capacity and for meeting statutory requirements for ratios but not having any surplus staff, and another approach was to aim for both having some spare capacity and some additional staff members on top of the ratios. However, there were also instances of the decisions about occupancy and ratios being in apparent contradiction to each other. These included settings deciding to operate below full capacity but with statutory ratios, or at full capacity but with ratios that were more generous than required.

5.2. Considerations when making decisions

This section presents the different considerations participants reported for operating at full capacity and / or statutory ratios, below full capacity and finally, with higher than statutory ratios. Within each of the three groups, participants cited different

considerations as important for informing their decision-making about occupancy and ratios.

5.2.1 Decisions to operate at full capacity and / or statutory ratios

Participants in this group described operating at full capacity and/or statutory ratios. Although there was agreement amongst participants that operating at these levels was beneficial for finances and business sustainability, there were differing views about how it influenced the quality of provision.

Influence on finances and business sustainability

For participants in this group, a key reason for deciding to operate at full capacity and statutory staff:child ratios related to the perceived influence on finances and business sustainability. Participants acknowledged that operating at high capacity was beneficial for business sustainability, and so they sought to achieve full occupancy. Managers also highlighted that operating at full capacity was linked to their financial viability.

It just makes it easier, it means that it could fund, manage itself in its own right...It means that it can cover all the staff, it can cover the snacks... If we want to go and buy some additional equipment for nursery, it means that it's being covered. It's not relying on school just to fund it. – *School nursery_01*

Similarly, participants emphasised that operating within statutory ratios was the most cost-efficient business model. The motivations for opting for the most cost-efficient business model varied across settings. In some instances, the motivation was related to maintaining business profits.

We've found working for a big company ... we don't have staff spare that we used to, to do files, to do displays, to make sure everything's done properly. We've lost that time with the staff and that can be quite stressful, and I think that's just to do with obviously the profits that businesses need to make. – *Group-based provider, private, part of a chain, id24*

In other instances, participants decided to operate with statutory ratios because it was not financially viable for them to operate with higher ratios.

We're working to ratio. We used to work above ratio, so there used to be another member of staff in the room, but we cannot afford to do that now, so we are working on a one to four or a one to eight ratio, depending on the ages of the children. It's the minimum, I'm afraid,

because that's all we can afford. – *Group-based provider, private, not part of a chain, id30*

Influence on provision

Amongst participants who aimed for full capacity and/or statutory ratios, views were divided on how operating at these levels influenced the quality of provision. One perspective was that operating at high capacity and statutory ratios did not influence the quality of provision. Participants felt the setting was prepared for the full number of children and because staff were highly qualified, they would be able to manage the full number of children.

I don't think [having a high occupancy] really affects it. Standards don't drop. We've got very good professional staff and a highly qualified team. I do supervisions all the time and standards are fine. We're very good at what we do. – *Group-based provider, private, part of a chain, id21*

The contrasting view was that operating at a more generous ratio was preferable because it takes pressure off staff and children receive higher quality care. However, participants in this group acknowledged it was not financially viable for them to operate at lower capacity.

It does really affect the provision, because obviously, our children have needs, so if you have ten children in a classroom, it can become very busy. You see better results from six children, but then six children is not really financially sustainable. – *Group-based provider, voluntary, id11*

5.2.2 Decisions to operate below full capacity

Participants in this group decided to operate below full capacity with either statutory staff:child ratios or higher than statutory ratios. In settings with high demand for places, participants made the active decision to operate below full capacity. In contrast, in the context of low demand, participants were more restricted in their decision-making (as outlined in section 5.1). However, regardless of demand, participants reflected on the benefits of operating below full capacity, which related to influence on provision and staff.

Influence on provision

This group of participants felt that operating below full capacity resulted in better child outcomes. Early years managers reported that this ensured that the setting did not feel

overcrowded, which enables children being able to move easily between activities and shorter wait times to access facilities.

A further reason why participants decided to operate at lower occupancy related to the needs of children at the setting. Managers discussed that children with additional needs often required extra staff input, and so they would take the decision to limit the number of new enrolments if they had a child with additional needs.

When you have children with behaviour, that's more difficult to manage, so it may be that the time is taken up managing that situation, helping the family. We would need to not bring in other children because that would then be detrimental to their development and the development of the other children in the setting. – *Group-based provider, private, not part of a chain, id31*

Participants expressed the view that operating below full capacity meant they could offer more flexibility to families already enrolled at the setting. A setting located in an area with a high proportion of parents working shift work reported value in holding back places as it enabled them to be adaptive to increases in demand for specific sessions.

For participants working in school nurseries, the number of children in the reception class could influence their decision to operate below full capacity. Participants highlighted the benefits of aligning the number of children enrolled in the nursery to the Published Admission Number (PAN) of the reception class. For example, participants mentioned that aligning the numbers meant they did not have to select which children from the nursery would be eligible for a place in reception.

Our PAN for reception class is only 20, so if we had 26 in nursery, we'd then have to start ranking them to start in reception. So it just works for us having a PAN of 20, the round about number that we have in nursery. – *School nursery, id02*

A further reason given by participants for operating below full capacity was to have a more generous staff:child ratio. As discussed in the section regarding decisions to operate with higher than statutory ratios, participants believed a higher ratio resulted in higher quality provision and better staff outcomes. In recognition of this, participants reported that they would limit the number of children enrolled at their setting to achieve a higher staff:child ratio.

So, when we set this up, we said, "Actually, what we would prefer is to be a little bit smaller... We've got fewer children, we can give them more time, give them a better-quality service." – *Group-based provider, voluntary, id18*

Influence on staff

The effect on staff was another factor taken into account when making the decision not to book the setting to full capacity. Participants mentioned that a lower number of children resulted in lower workload and consequently higher staff wellbeing. Specifically, it was felt that staff found it easier to manage observations and assessments if there were fewer children at the setting.

We have to do observations and assessments... It can cause quite a lot of stress if you're very busy, for the staff. They find it a lot easier when we've got less children in, because it means they can do more quality observations, put more into each one for the parents. –
School nursery, id05

Influence on finances and business sustainability

Amongst providers who decided to operate below full capacity, perceptions of the importance of finances and business sustainability varied. In some instances, participants indicated that financial considerations were an important factor in their decision-making. They recognised there was a fine balance between number of children and additional staff members:

If I were to take on another baby... I would need another member of staff to cover that one baby, but I wouldn't get enough income to cover that member of staff. - *Group-based provider, private, not part of a chain, id32*

In other instances, participants emphasised that increasing profits was not a key priority and instead they wanted to prioritise the quality of provision:

At the moment we're quite happy with that balance because it's a good number, especially with the needs of the children. So we're not really looking to overfill it just for funding's sake. We'd rather run it to help the children that are in there. – *School nursery, id02*

5.2.3 Decisions to operate with higher than statutory ratios

In contrast to providers that aimed to operate with statutory staff:child ratios, participants in this group aimed to operate with higher than statutory ratios. This could be in the context of working either at full capacity or below full capacity. Participants described different considerations for why they decided to operate with higher staff:child ratios relating to influence on provision, staff and finances and business sustainability.

Influence on provision

Participants in this group aimed to operate at staff:child ratios higher than statutory requirements because they believed it increased the quality of their provision. They reported the higher staff:child ratio meant children benefited from increased staff input, facilitated by more one-to-one support and smaller groups. It was felt that this resulted in higher quality provision because staff built stronger relationships with children and provided differentiated provision in line with children's interests and development. This view was particularly pertinent across participants working in settings with mixed-age cohorts.

By having three members of staff, it means that we can accommodate for children that are almost getting ready to start school and the children that are just starting and who need far more play-based and child-initiated resource and provision. – *School nursery, id05*

While increased staff input was seen as beneficial for all children at the setting, managers highlighted particular advantages for children with additional needs. For example, participants reported the enrolment of a child with special educational needs (e.g. communication and language difficulties or developmental delay) influenced their decision to have a higher ratio. In addition, participants reported that children without a formal diagnosis of SEND (e.g. behaviour problems) often required additional support, and this also influenced their decision to have a higher than statutory ratio.

A lot of the children nowadays need extra support... So with extra adult support, we can work with them to learn to focus, to communicate, and it gets them school-ready... It makes a big difference, having the extra adult input. – *Group-based provider, private, not part of a chain, id34*

It was also noted that staff not counted in ratios could be responsive to issues that arose, such as accidents or safeguarding (e.g. in relation to children with SEND, or if the setting is asked to take on a child who is especially vulnerable). This consideration was viewed as particularly important in settings with a high level of safeguarding needs.

Operating at the higher ratios meant that additional areas of the nursery could be opened up, such as outside areas. The more generous ratios also meant settings had enough staff members to go on extra-curricular trips in the local area.

I could just have a teacher and one TA. But with 15 three-year-olds you want to be able to make sure they can go out, do provision

outside, that they can put their blue overalls on and splash in puddles. – *School nursery, id01*

Influence on staff

The influence on staff was also discussed as an important consideration for deciding to operate with higher than statutory ratios. One of the views was that higher staff:child ratios resulted in better outcomes for staff. In particular, the higher ratios meant staff were able to spend more time with children and build stronger relationships.

Participants also associated higher ratios with a more manageable workload. Additional members of staff meant there was flexibility to complete tasks in addition to providing care for children. For example, a manager mentioned that the additional members of staff meant they were no longer needed to fulfil ratios at all times, which enabled them to complete paperwork within working hours. In another setting, an additional staff member meant it was possible to train staff members during working hours.

In addition, it was felt that higher ratios were helpful for staff confidence in terms of potential safeguarding complaints, as they were not alone with children.

I don't need more staff, but we are very conscious that we like to have a spare member of staff, just in case somebody gets taken out of ratios. I.e. if there's been an accident, somebody needs a nappy changing and you have to go to the changing area... We try to make sure that, in this day and age of blame culture, a member of staff is never on their own; they're always in pairs. – *Group-based provider, voluntary, id09*

Interviewees reflected that higher ratios were linked to a better overall working environment, which they felt contributed to a lower staff turnover.

If you don't have a high ratio, I think you tend to lose staff. It just doesn't feel like a good place to work and that's - what we want is a good place to work. I don't want stressed staff leaving. I'd prefer to have long-term staff and staying with me. – *Group-based provider, private, not part of a chain, id31*

Influence on finances and business sustainability

Participants recognised that the higher staff:child ratio did not make the best 'business sense'. They reported that their settings operated with a small profit or broke even but indicated that this was a trade-off they were happy to accept.

We only break even and make a very, very small profit, but I'd prefer to be happy, healthy and stress free than have a business that's highly profitable and got a big turnover of staff and not a happy place to work. – *School nursery, id04*

When considering taking on additional members of staff for children with additional needs, participants discussed that they would employ additional members of staff regardless of whether the child qualified for SEND funding. They emphasised it was important their setting was inclusive and could meet children's needs despite the financial implications.

6. Providers' strategies to maintain or increase occupancy

This chapter focuses on the strategies used by settings to increase or maintain occupancy, based on in-depth interviews with early years managers. Not all settings were using 'strategies' as such. In settings that experienced a high demand for places, managers often relied on word-of-mouth advertising to maintain their levels of occupancy. Other settings, however, used a broad range of strategies to attract parents, and these are discussed below. They broadly fall into two categories: marketing and messaging strategies (e.g. advertising and holding open days) and changes to the provision (e.g. reducing prices or changing opening hours).

This section also discusses the perceived effectiveness of the approaches used. However, generally there was a mixed awareness of how effective the approaches were. There were participants who used specific approaches despite lacking insight into how effective they were. Others were more knowledgeable and described using evaluation approaches (e.g. parent surveys) to help them decide which strategies to focus on or discard.

6.1 Marketing and messaging strategies

Marketing campaigns aimed to build recognition and familiarisation with the setting with the aim to maintain or increase occupancy. Settings reported using approaches that targeted a wide audience (e.g. advertising online) and other approaches, which aimed to increase awareness within the local area and among prospective families.

6.1.1 Advertising online

Participants noted that use of online advertising enabled them to reach a wide audience, including those living outside the local area.

Advertising on the setting's own website was a widely used approach. Websites include details about the setting and staff, which participants felt was appealing for prospective parents. Despite widespread use, participants were unsure of how successful this approach was for increasing or maintaining occupancy levels.

Early years managers also described the use of external websites, including local borough and government websites, networking platforms (e.g. childcare.co.uk) and review websites (e.g. daynurseries.co.uk) to promote the setting. Participants reported that this strategy was effective at bringing new children in and there was consensus for continued use in the future.

Interviewees reported regular use of social media platforms (e.g. Facebook, Twitter) to raise the profile of their setting. They discussed posting a diverse range of content including details about the setting and staff, news and updates, advertisement of places and specific marketing campaigns (e.g. discount weeks).

Participants noted that social media does not involve set up or ongoing costs. Furthermore, participants felt posts on social media reach a wide audience because users 'share' posts within their own social networks. Views around the effectiveness of using social media to maintain occupancy varied across participants but were generally positive.

6.1.2 Advertising in the local area

Strategies that aimed to increase awareness of the setting in the local area were also commonly used. These strategies were viewed as effective methods to increase parental demand because they enabled settings to reach a wide audience, including extended family such as grandparents. Providers used print advertising, radio, on-site promotion (banners) and advertising at local events.

Print advertising methods such as distributing leaflets or posters in local public spaces (e.g. supermarkets, gyms) was one of the approaches used by early years providers. Print advertisements would include details about the setting and information about the availability of spaces and funding. Views on the effectiveness of this strategy were mixed though, and participants were critical of the high costs often involved in this type of advertising, unless they were using a free option, such as in the local newspaper.

Advertising their setting on local radio stations was described as a useful approach for increasing awareness amongst families in the local area.

It's a popular local radio station, so a lot of people listen to it on there... We did it at peak times for school times and then again at school pick-up time...when mums and dads are in the car or families are in the car with children. – *Group-based provider, private, part of a chain, id25*

Putting an informative and prominent sign at the setting was identified as an approach to increase the visibility of a setting. Participants reported using the sign as a means to increase general awareness of the setting, advertise places and promote the setting by including specific details such as their Ofsted rating. Participants who reported using this strategy perceived it to be effective. Those who did not currently have a prominent sign discussed it as an approach they were considering using in the future.

Alongside increasing visibility on-site, participants reported strategies to increase visibility in the local area. For example, staff or children wearing uniforms in the local area was viewed as an effective strategy to advertise the setting more widely. Participants reported that potential families learnt about the nursery from seeing children or staff in the local area, which resulted in some parents enquiring about the setting.

We visit libraries and shops as well. Uniform makes a huge difference... I've had people come and look around the setting because of that. 'Oh, so where are you then?' They ask me questions because I'm wearing my uniform. Yes, all different tactics of getting people to come and find us. *Group-based provider, voluntary, id10*

Taking part in local events (e.g. in the village or at the local church) was another approach. Attendance at various events provided opportunities to advertise the setting and give out leaflets and registration forms to prospective families. Views on the effectiveness of this strategy were mixed though. There was a view that attendance at local events has been consistently effective at bringing new families in to the setting, including families outside the local area. In contrast, other participants felt the result was inconsistent and therefore it should not be considered as a useful strategy for generating a lot of places. Despite differences in the views on how effective this strategy was, there was consensus amongst participants that they would continue to use the strategy in the future. This was based on the view that attendance at events has been a long-standing approach and there would be no reasons not to continue attendance in the future.

6.1.3 Advertising to prospective families

A further approach taken by settings was to target advertising towards families with nursery-aged children. This could be by holding open days, advertising through schools or using links with local community centres.

Hosting open days was identified as a useful approach for advertising the setting to new families. During open days, parents meet with staff and view the provision. Participants felt the personal contact contributed to the effectiveness of this approach. Although participants felt those who attend often signed up for a place, they acknowledged that turnout/attendance could be mixed.

Participants in school nurseries advertised their provision to families with nursery-aged children who visited the school for their older child.

If parents come for reception places, I take them on the tour of the whole school. I always take them to the nursery... and tell them, "We have places, have a think about it, think about transitioning, routines, making friends". – *School nursery, id03*

Early years managers also reported being able to make use of their existing relationship with community centres to target their advertising to potential families. For example, it was recognised that families whose children have reached nursery age, or those that move to a new area, often visit the local children's centres to get further information about childcare. A variety of strategies were employed by settings to enable community centres to effectively advertise their setting to new parents. For instance, there were examples of settings providing the children's centre or the community centre for RAF families with a welcome pack detailing information about the setting to give to potential parents. In other instances, the children's centre had a more active role in recruiting new parents by making enquiries to the setting about new enrolments on their behalf.

6.2 Making changes to the setting

Alongside marketing and messaging strategies, providers described making changes to how their setting operated to increase take-up of places. These approaches were used particularly during periods of low occupancy. They included reducing prices, changing opening hours, expanding the age range of the intake and increasing the flexibility around booked sessions.

To attract new families to the setting, participants described giving discounts from the registration fee or an overall reduction in fees. In contrast, offering additional days at a reduced rate and sibling discounts were used to increase attendance of children already enrolled at the setting.

Extending opening hours was viewed as an opportunity to attract working parents to the setting. For instance, the hours could be extended from school hours to include wrap-around care. Whilst it was recognised that extending opening hours was an effective strategy for increasing take-up, it was not always possible due to issues with staffing. A contrasting approach was to shorten hours to school hours only. The rationale for this was to attract a higher proportion of disadvantaged families who would use the setting for their free entitlement and would be more likely to stay at the nursery and the school.

In response to a decline in numbers, another approach was to change the admission policy to accept children from two years old. Although participants reporting the use of this approach highlighted challenges with caring for younger children, such as requirements for higher ratios and specialist care, making this change was viewed as essential for ensuring business sustainability. The interviewees reflected that without this change their setting may have had to close. Accepting two-year olds put them at an advantage over school-based settings that accepted children from three years old. Furthermore, they felt once children were settled in the setting, they tended to stay at the setting until they reached school age rather than moving to a school-based nursery.

Therefore, it was felt that this change to admissions would contribute to more stable numbers in the long term.

With getting the two-year-olds in, we could keep them for up to three years... If we can get them in and they're happy and settled, then parents are more likely to just leave them with us than they are to take them out and pop them in a school nursery. So, it might mean that we are more stable in our numbers. – *Group-based provider, voluntary, id18*

Making booking sessions more flexible was also mentioned as one of the approaches to increasing occupancy. It was perceived as effective at increasing the number of working parents enrolling their children to the setting. Participants did, however, acknowledge difficulties with accommodating children attending at different times. In contrast, other participants reported making their booking process less flexible to increase take-up of places. Establishing a minimum number of sessions and encouraging families to take up five days a week were thought to overcome the issues with parents using sporadic or infrequent sessions, which contributed to low overall occupancy. In addition, taking a deposit from new parents joining the waiting list was used to reduce the likelihood of parents withdrawing their application for a place.

7. Conclusions

The report examined occupancy, spare capacity and staff to child ratios at early years providers in England. It used a mixed-method approach comprising secondary analysis of data from the Survey of Childcare and Early Years Providers series (survey years 2018 and 2019) and in-depth interviews with managers at group-based providers and school nurseries carried out from January to mid-March 2020 (before the COVID-19 pandemic caused closures of schools and early years settings).

Occupancy and spare capacity

The key findings on occupancy and spare capacity levels were:

- The majority of providers had some spare capacity at their setting. The proportion of settings with spare capacity was larger for group-based providers (82%) than for school-based providers (73%). The average (median) occupancy was somewhat lower at group-based settings (83%) than at school nurseries (85%).¹³
- Comparisons with 2018 revealed different patterns for group-based and school-based settings. For group-based settings, there were no changes in the proportion of settings reporting spare capacity; however, the average occupancy went up between 2018 and 2019, from 79% to 83%. For school-based settings, there were no statistically significant differences between 2018 and 2019.
- In qualitative interviews, participants reported different experiences of how occupancy at their setting had changed over recent years, including increases, decreases, fluctuations and no changes.
- Factors cited by respondents who experienced an increase in occupancy included both external circumstances, such as new housing being built in their local area and the rollout of the 30 hours funding, and provider-specific aspects, such as the setting becoming more established and therefore more popular with parents. Participants who reported decreases in occupancy referred to factors such as the opening of other settings in the area leading to increased competition and the reduced affordability of childcare to parents due to increased fees.
- When assessing occupancy levels, early years managers referred to the number of children enrolled compared to the number that the setting was registered for. Alternatively, they spoke about being 'at full capacity' or working 'below capacity' based on the number of staff employed and the number of children they felt they could enrol (within the statutory requirements for staff to child ratios).

¹³ Median values only are reported in this chapter for brevity. Both mean and median occupancy levels are reported in Chapters 2 and 3.

- Managers discussed how occupancy varied across age groups, session times, days of the week and months of the year. For example, morning sessions were reported to be often more popular than afternoon sessions, and the middle of the week to be more popular than Mondays or Fridays. That could translate into being full in the morning and/or mid-week and only having spare capacity in the afternoon and/or on Mondays or Fridays. Respondents also reported numbers building up over the academic year, with September being the month with the lowest occupancy and the Summer term seeing the highest occupancy.

Factors affecting occupancy rates

The report examined factors associated with higher occupancy/lower spare capacity rates in the survey data and providers' perceptions of what was driving demand for places at their setting. The key findings were:

- Occupancy and spare capacity varied by region, with slightly different patterns for group-based providers and school nurseries. Settings in rural areas had, on average, lower occupancy and higher spare capacity than those located in urban areas. There was no clear pattern of association between occupancy and area deprivation, for either group-based or school-based settings.
- Average occupancy rates varied substantially by type of setting. Among group-based providers, private settings had the lowest average occupancy (80%), maintained settings (local authority nurseries) had the highest occupancy (88%), and voluntary settings were in the middle of the two (85%). For school-based settings, maintained nursery schools had the highest average occupancy (91%), nursery classes in maintained primary schools had a slightly lower average occupancy (87%), and independent school nurseries had much lower occupancy rates (69% on average).
- In qualitative interviews with managers, participants discussed a broad range of factors that they perceived to affect demand for places at their setting. Rural location was perceived to increase demand for places because of the existence of 'tight-knit' communities and less competition from other settings compared to urban areas. However, participants also mentioned a limited number of children living locally and difficulties in drawing in families from other villages as factors working against them. Managers of settings located in urban areas also discussed how their location could work to their advantage (e.g. being near large residential housing) or suppressed their occupancy (e.g. because of high levels of competition from other settings in the area).
- Level of deprivation in the area was also seen as relevant to demand for places. Having more working parents in the area was seen as increasing the demand, as parents needed childcare and also many parents were eligible for the 30 hours

funding. On the other hand, in areas with high levels of deprivation, there was more demand for funded places for two-year olds.

- Early years managers discussed location-specific factors such as being easily accessible (on foot or by car), being near train stations or near local schools. The profile of the local population was also mentioned as a relevant factor; this included the number of local families with pre-school age children, how transient the population was and the proportion of families from minority ethnic groups who may be less likely to use formal childcare.
- Participants believed that demand for places at their setting was linked to whether parents preferred to send their child to a school nursery or a group-based setting. Managers mentioned that parents might prefer a school nursery because they believed their children would be more 'school ready' and more familiar with the school environment, which would help them settle in more easily into school life when they started in the reception class. On the other hand, group-based providers typically offered longer opening hours and were seen as being better suited to the needs of working parents.

Staff to child ratios

The report also examined staff to child ratios at early years providers taking part in the qualitative component and their perceptions of factors associated with operating at different levels of staffing. The key findings were:

- Participants indicated that their settings were operating at either statutory or above-statutory staff to child ratios. There were no reports of nurseries falling below statutory requirements, although there were mentions of nurseries struggling to maintain their ratios. There were also instances of settings intentionally operating at statutory ratios in some rooms and at more generous levels in other rooms, based on perceptions of appropriateness of the statutory requirements for each age group (e.g. 1:8 ratio for three-year olds was deemed too onerous for staff by some providers).
- Participants described fluctuations in ratios associated with variable pupil attendance (due to sickness or family holidays), staff absences and natural variation in occupancy over the day, week and year. For example, with occupancy levels tending to be the lowest in many settings in September, providers that kept their staffing levels consistent had more generous ratios at that time of the year.
- Providers that aimed to keep their ratios at a desired level (whether that be statutory, or more generous than statutory) employed a range of approaches to mitigate against fluctuations. These included changing staffing levels in accordance with occupancy and moving existing staff within and between settings.

Decision-making

The decisions regarding occupancy levels and ratios were constrained by parental demand for places and by the setting's ability to recruit the necessary staff:

- Participants working in settings with high demand and no difficulties in maintaining or increasing their staff levels explained that they were able to set the level of occupancy. They either decided to operate at full capacity or below full capacity. In contrast, where demand for places was low, participants explained that they were not able to make the choice to operate at full capacity and instead operated at the levels that were achievable. Similarly, difficulties in maintaining or increasing staffing levels restricted the number of children settings were able to enrol.
- Decisions regarding whether to operate at the statutory ratios or above were less driven by the demand for places and were more 'active', based on a number of considerations (discussed below).
- The extent to which decisions about occupancy and staff to child ratios were consistent with each other in terms of their potential impact on the setting's finances varied across settings. One of the approaches was to aim for full capacity and for meeting statutory requirements for ratios but not having any surplus staff, and another approach was to aim for both having some spare capacity and some additional staff members on top of the ratios. However, there were also instances of the decisions about occupancy and ratios being in apparent contradiction to each other. These included settings deciding to operate below full capacity but with statutory ratios, or at full capacity but with the ratios that were more generous than required.

When making decisions about enrolments and staffing, providers took into account various considerations:

- Those aiming for full capacity / statutory ratios based their decision mostly on the perceived impact on finances and business sustainability. As for the perceived impact on the provision itself, the views were divided. One of the expressed views was that operating at full capacity / statutory ratios did not affect the quality of the provision if staff were highly qualified. In contrast, another view was that children would have benefitted from more generous ratios, however, that approach was not financially viable for the setting.
- Settings deciding to operate below full capacity / at more generous staff to child ratios did so based on their perceptions of impact on provision and staff. Participants mentioned concerns about overcrowding, children with additional needs, the value of more one-to-one support for the children, staff workload and wellbeing and the quality of relationships that staff were able to build with the

children. Participants generally recognised that their decisions did not make the best ‘business sense’ but indicated it was a trade-off they were happy to accept.

Strategies to increase/maintain occupancy rates

Looking at the strategies used by settings to increase or maintain occupancy levels, it is important to note that not all settings were using ‘strategies’ as such. In settings that experienced a high demand for places, managers often relied on word-of-mouth advertising to maintain their levels of occupancy. Other settings, however, used a broad range of strategies to attract parents. These included advertising online via websites and on social media, advertising locally (e.g. through leaflets), holding open days, and advertising through schools and community centres. In addition to advertising, participants also described making changes to how their setting operated to increase take-up of places. These included reducing prices and/or offering free sessions (especially when demand was lower, e.g. in the summer), extending or shortening opening hours, making session bookings more or less flexible and expanding the age range of children to younger groups (e.g. two-year olds).

Looking ahead

The findings of this study suggest that while there is a substantial degree of spare capacity in the early years sector and maintaining ratios that are more generous than required is not uncommon, there are usually reasons why occupancy and ratios are at the level they are. These include, primarily, parental demand for places in the local area and parental preferences for particular session times, but also providers’ ability to recruit and retain suitably qualified and experienced staff, and providers’ views on how operating at certain levels of occupancy and ratios affects their provision. It is not clear what structural changes to early years provision in England might support a substantial increase in occupancy levels. However, it is important to continue to develop a broad range of mechanisms for supporting the financial sustainability of the early years sector as part of early years policy making.

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Appendix A: Definitions of occupancy and spare capacity

Survey questions (SCEYP 2019)

{ASK IF ((PROVTYPE = GBP AND Qprovtypes = 1-3) OR SDATAFOCUS = Nursery) AND REFERENCE_DAY NOT MISSING }

QsessX [GRID QUESTION]

Now thinking back to the specific day agreed earlier. On that {Textfill : "REFERENCE_DAY"}, did {Textfill IF ProvType = GBP "you" IF ProvType = SBP "your nursery" run...

G_ReadOut_II1

Analysis: "Sessions provided on reference day"

		1. Yes	2. No
Qfdc	Full day care?		
Qsessmorn	Sessions in the morning? G_IfNec_II1: <i>These would be sessions that started before lunchtime. <i>HELP: More information "If a session started before lunchtime and finished after lunchtime we would count this as both morning and afternoon."		
Qsessaft	Sessions in the afternoon? G_IfNec_II1: <i>These would be sessions that started from lunchtime onwards.</i>HELP: More information "If a session started before lunchtime and finished after lunchtime we would count this as both morning and afternoon."		

{ASK IF Qfdc = 1.}

Qfdcbooked

How many under school-aged children were booked to attend {*Textfill: IF ProvType = GBP “your**full day care**” IF ProvType = SBP “your nursery’s **full day care**”*} on that [REFERENCE_DAY]?

G_IfNec_II1: *<i> If children were booked to attend but absent due to illness or some other reason, we would still like you to include those </i>*

HELP: More information “This is the **total number of different children** that were on your full day care books at any point throughout the day.

We are interested in children aged up to 5, who have not yet started school.”

Analysis “Number of children in full day care on reference day”

<i>G_Estimate_ II1</i>

0...999

{ASK IF ((PROVTYPE = GBP AND Qprovtypes = 1-3) OR (SDATAFOCUS=1)) AND REFERENCE_DAY NOT MISSING }

Qfdccapa

How many, if any, extra children that needed care **throughout the whole day** would {*Textfill: IF ProvType = GBP “you” IF ProvType = SBP “your nursery”*} have been willing and able to take on that day?

<i> Assume that demand for your other types of provision was the same as it is currently.

Only include children that you could have taken for the whole day.*</i>*

HELP: More information “This should take account of any ratio factors, the space available and the number of spare places across {*Textfill: IF ProvType = GBP “your provision as a whole” IF ProvType = SBP “your nursery”*}.

<i>G_Estimate_ II1 </i>

Analysis “Number of extra children could have taken in full day care on reference day”

0...999

{ASK IF Qsessmorn = 1.}

Qsessbookmorn

How many under school-aged children were booked to attend {*Textfill: IF ProvType = GBP “the” IF ProvType = SBP “your nursery’s”*} sessions that ran in the **morning** on that [REFERENCE_DAY]?

G_IfNec_II1: *<i> This is the total number of different children that were on your **sessional** books in the morning.*

G_IfNec_II1: <i>If children were booked to attend but absent due to illness or some other reason, we would still like you to include those.</i>

HELP: More information: "We are interested in children attending fixed or flexible sessional provision so please count both.

We are interested in children aged up to 5, who have not yet started school."

<i>G_Estimate_ II1 </i>

Analysis "Number of children booked to attend morning sessions on reference day"

0...750

{ASK IF ((QPROVTYPES = 2 OR 3) OR SDATAFOCUS = 1) AND REFERENCE_DAY NOT MISSING }
Qsessmorncapa

How many extra children would {Textfill: IF ProvType = GBP "you" IF ProvType = SBP "your nursery"} have been willing and able to take in sessions that ran in the morningon that day?

{TEXTFILL: (IF QSESSMORN = 2 AND MODE = TEL) "If you wouldn't want to start offering sessions in the morning, just let me know."}

HELP: More information "This should take account of any ratio factors, the space available and the number of spare places across {Textfill: IF ProvType = GBP "your provision as a whole" IF ProvType = SBP "your nursery"}.

<i>G_Estimate_ II1</i>

_TEL: {IF QSESSMORN = 2} "INTERVIEWER: IF R WOULD NOT WANT TO START OFFERING MORNING SESSIONS, ENTER 0."

_WEB: SOFT: IF QSESSMORN = 2 AND TRY TO SKIP "If you would not want to start offering morning sessions, please enter 0."

Analysis "Number of extra children could have taken in morning sessions on reference day"

0...750

{ASK IF Qsessaft = 1}
Qsessbookaft

How many under school-aged children were booked to attend {*Textfill: IF ProvType = GBP "the" IF ProvType = SBP "your nursery's"*} sessions that ran in the **afternoon** on that [REFERENCE_DAY]?

G_IfNec_II1: <i> This is the total number of different children that were on your sessional books in the afternoon.</i>

G_IfNec_II1: <i>If children were booked to attend but absent due to illness or some other reason, we would still like you to include those.</i>

HELP: More information "We are interested in children attending fixed or flexible sessional provision so please count both.

We are interested in children aged up to 5, who have not yet started school."

<i>G_Estimate_ II1</i>

Analysis "Number of children booked to attend afternoon sessions on reference day"

0...750

{ASK IF ((QPROVTYPES = 2 OR 3) OR SDATAFOCUS = 1) AND REFERENCE_DAY NOT MISSING }
Qsessaftcapa

How many extra children would {*Textfill: IF ProvType = GBP "you" IF ProvType = SBP "your nursery"*} have been willing and able to take in sessions that ran in the **afternoon** on that day?

{*TEXTFILL: (IF QSESSAFT =2 AND MODE = TEL) "If you wouldn't want to start offering sessions in the afternoon, just let me know."*}

HELP: More information "This should take account of any ratio factors, the space available and the number of spare places across {*Textfill: IF ProvType = GBP "your provision as a whole" IF ProvType = SBP "your nursery"*}.

<i>G_Estimate_ II1</i>

_TEL: {IF QSESSAFT = 2} "INTERVIEWER: IF R WOULD NOT WANT TO START OFFERING AFTERNOON SESSIONS, ENTER 0."

_WEB: SOFT: IF QSESSAFT = 2 AND TRY TO SKIP "If you would not want to start offering afternoon sessions, please enter 0."

Analysis "Number of extra children could have taken in afternoon sessions on reference day"

0...750

Occupancy

In this report, occupancy is defined as the percentage of places that were taken up on the reference day. This is a continuous measure with a maximum value of 100%. In Official Statistics outputs from SCEYP, occupancy is reported in relation to settings offering particular types of sessions (e.g. occupancy at settings offering full day care, morning sessions, afternoon sessions). However, as outlined below, this report follows a different approach, summarizing occupancy across all types of sessions offered at the same setting.

Stage 1: calculating session-specific occupancy

First, we calculate session-specific occupancy as follows.

$$\text{full day occupancy} = ((\text{Total full day booked places}) / (\text{Total full day booked places} + \text{Total full day spare capacity})) \times 100$$

$$\text{AM occupancy} = ((\text{Total AM booked places}) / (\text{Total AM booked places} + \text{Total AM spare capacity})) \times 100$$

$$\text{PM occupancy} = ((\text{Total PM booked places}) / (\text{Total PM booked places} + \text{Total PM spare capacity})) \times 100$$

Stage 2: categorising settings by session type

When looking at different sessions offered by settings in the 2019 data, we find the following cases:

1. Full day sessions only
2. Morning sessions only
3. Afternoon sessions only
4. Separate morning and afternoon sessions
5. Full day + morning sessions
6. Full day + afternoon sessions
7. Full day + morning + afternoon sessions

Stage 3: calculating overall occupancy across session types

We calculate occupancy for each case as follows. Cases 1, 2 and 3 are straightforward; we use session-specific occupancy in each case:

- | | | |
|-------------------|---|---------------------------|
| 1. Full day only | = | <i>full day occupancy</i> |
| 2. Morning only | = | <i>AM occupancy</i> |
| 3. Afternoon only | = | <i>PM occupancy</i> |

For case 4, we calculate a simple average of morning and afternoon occupancy:

$$4. \text{ Separate morning \& afternoon} = (AM \text{ occupancy} + PM \text{ occupancy})/2$$

For cases 5 and 6, we apply a 2:1 weight for full day / morning occupancy and full day / afternoon occupancy respectively:

$$5. \text{ Full day + morning} = (\text{full day occupancy} \times 0.67) + (AM \text{ occupancy} \times 0.33)$$

$$6. \text{ Full day + afternoon} = (\text{full day occupancy} \times 0.67) + (PM \text{ occupancy} \times 0.33)$$

For case 7, we apply a 2:1:1 weight for full day, morning and afternoon occupancy:

$$7. \text{ Full day + morning + afternoon} = (\text{full day occupancy} \times 0.5) + (AM \text{ occupancy} \times 0.25) + (PM \text{ occupancy} \times 0.25)$$

Spare capacity

Spare capacity is a binary measure – i.e. whether a setting reports that they could have taken any additional children on the reference day, or not. The spare capacity variable is derived using the occupancy variable:

- If occupancy is equal to 100%, a setting does not have spare capacity.
- If occupancy is greater than 0 and less than 100%, a setting does have spare capacity.

Appendix B: Tables

Table 2: Spare capacity and occupancy by provider type, 2018 and 2019

	Settings with spare capacity (%)	Mean occupancy (%)	Median occupancy (%)	Base (unweighted)
GBPs:				
2018†	81	75	79	4372
2019	82	78***	83	4521
SBPs:				
2018†	71	81	88	886
2019	73	80	85	1940

Key: * p<0.05, ** p<0.01, *** p<0.001. † reference category in the comparisons by year within provider type. The differences between GBPs and SBPs within years were statistically significant on both spare capacity (at p<0.001) and occupancy (at p<0.01) measures.

Source: SCEYP 2018 and SCEYP 2019

Table 3: Spare capacity and occupancy at group-based providers in 2019, by region

	Settings with spare capacity (%)	Mean occupancy (%)	Median occupancy (%)	Base (unweighted)
East Midlands	83*	75*	77	408
East of England	84**	80	85	602
London†	77	78	84	585
North East	86**	71***	72	252
North West	84**	76	81	507
South East	79	82**	87	861
South West	85**	77	83	534
West Midlands	83*	74**	78	432
Yorkshire and the Humber	83*	76	81	340
All GBPs	82	78	83	4521

Key: * p<0.05, ** p<0.01, *** p<0.001. † reference category.

Table 4: Spare capacity and occupancy at group-based providers in 2018, by region

	Settings with spare capacity (%)	Mean occupancy (%)	Median occupancy (%)	Base (unweighted)
East Midlands	83	74	78	373
East of England	81	79	83	550
London	78	75*	81	550
North East	84	70	73	238
North West	85	72**	76	518
South East	79	78***	81	821
South West	83	75	78	530
West Midlands	81	74	76	419
Yorkshire and the Humber	81	74	79	373
All GBPs	81	75	79	4372

Key: * p<0.05, ** p<0.01, *** p<0.001. All comparisons made with 2019 (see Table 3) within regions.

Source: SCEYP 2018

Table 5: Spare capacity and occupancy at group-based providers, by area deprivation (IMD)

	Settings with spare capacity (%)	Mean occupancy (%)	Median occupancy (%)	Base (unweighted)
1st quintile (most deprived)†	82	76	82	757
2nd quintile	83	77	82	845
3rd quintile	82	78	83	954
4th quintile	82	78	83	987
5th quintile (least deprived)	81	79**	83	977
All GBPs	82	78	83	4521

Key: * p<0.05, ** p<0.01, *** p<0.001. † reference category.

Source: SCEYP 2019

Table 6: Spare capacity and occupancy at group-based providers, by urban/rural location

	Settings with spare capacity (%)	Mean occupancy (%)	Median occupancy (%)	Base (unweighted)
Urban†	80	79	84	3387
Rural	87***	75***	78	1133
All GBPs	82	78	83	4521

Key: * p<0.05, ** p<0.01, *** p<0.001. † reference category.

Source: SCEYP 2019

Table 7: Spare capacity and occupancy at group-based providers, by type of ownership

	Settings with spare capacity (%)	Mean occupancy (%)	Median occupancy (%)	Base (unweighted)
Private†	84	76	80	2494
Voluntary	79***	80***	85	1785
Maintained (LA nursery)	75**	83***	88	125
Whether part of a chain:				
Part of a chain†	85	76	81	1068
Not part of a chain	81**	78**	83	3451
All GBPs	82	78	83	4521

Key: * p<0.05, ** p<0.01, *** p<0.001. † reference category.

Source: SCEYP 2019

Table 8: Spare capacity and occupancy at group-based providers, by setting characteristics

	Settings with spare capacity (%)	Mean occupancy (%)	Median occupancy (%)	Base (unweighted)
Size of provider:				
1-29†	77	79	83	1583
30-59	84***	77*	82	1966
60-99	87***	77	83	728
100+	82	77	83	235
Opening hours:				
3 hrs or less†	71	82	86	225
Over 3 hrs, up to 6 hrs	80**	79	83	843
Over 6 hrs, up to 9 hrs	78*	81	87	1191
Over 9 hrs	86***	75***	79	2213
Opening weeks:				
39 weeks or less (school year only)†	79	80	85	2316
Over 39 weeks (all year)	85***	75***	80	2204
All GBPs	82	78	83	4521

Key: * p<0.05, ** p<0.01, *** p<0.001. † reference category.

Source: SCEYP 2019

Table 9: Spare capacity and occupancy at group-based providers, by profile of children

	Settings with spare capacity (%)	Mean occupancy (%)	Median occupancy (%)	Base (unweighted)
Age profile:				
No children under 3†	73	75	83	209
Children under 3	82**	78	83	4300
% of children with SEND:				
0%†	83	73	76	635
Up to 10%	82	79***	84	1432
11 - 20%	85	78***	83	305
21 - 100%	81	78*	82	104
% of 3-4 YO with EYPP:				
0%†	84	74	80	902
Up to 10%	81	81***	86	723
11 - 20%	85	77**	82	466
21 - 100%	78*	77*	83	322
All GBPs	82	78	83	4521

Key: * p<0.05, ** p<0.01, *** p<0.001. † reference category.

Source: SCEYP 2019

Table 10: Spare capacity and occupancy at school-based providers in 2019, by region

	Settings with spare capacity (%)	Mean occupancy (%)	Median occupancy (%)	Base (unweighted)
East Midlands	78*	78*	85	156
East of England	74	80	89	192
London†	66	84	92	326
North East	78**	79*	83	164
North West	74*	78**	82	310
South East	71	78**	82	206
South West	81**	72***	73	128
West Midlands	69	82	87	237
Yorkshire and the Humber	75*	79**	85	221
All SBPs	73	80	85	1940

Key: * p<0.05, ** p<0.01, *** p<0.001. † reference category.

Source: SCEYP 2019

Table 11: Spare capacity and occupancy at school-based providers in 2018, by region

	Settings with spare capacity (%)	Mean occupancy (%)	Median occupancy (%)	Base (unweighted)
East Midlands	72	81	88	80
East of England	82	77	84	92
London	66	85	90	145
North East	68	82	92	74
North West	68	81	88	140
South East	68	78	82	95
South West	75	75	79	48
West Midlands	71	83	90	111
Yorkshire and the Humber	78	80	84	101
All SBPs	71	81	88	886

Comparisons were made with 2019 (see Table 10) within regions, and none of the differences were statistically significant.

Source: SCEYP 2018

Table 12: Spare capacity and occupancy at school-based providers, by area deprivation (IMD)

	Settings with spare capacity (%)	Mean occupancy (%)	Median occupancy (%)	Base (unweighted)
1st quintile (most deprived)†	70	81	87	545
2nd quintile	72	80	86	442
3rd quintile	74	80	87	383
4th quintile	78*	76***	79	313
5th quintile (least deprived)	74	79	84	256
All SBPs	73	80	85	1940

Key: * p<0.05, ** p<0.01, *** p<0.001. † reference category.

Source: SCEYP 2019

Table 13: Spare capacity and occupancy at school-based providers, by urban/rural location

	Settings with spare capacity (%)	Mean occupancy (%)	Median occupancy (%)	Base (unweighted)
Urban†	70	82	88	1583
Rural	84***	68***	69	356
All SBPs	73	80	85	1940

Key: * p<0.05, ** p<0.01, *** p<0.001. † reference category.

Source: SCEYP 2019

Table 14: Spare capacity and occupancy at school-based providers, by type of ownership

	Settings with spare capacity (%)	Mean occupancy (%)	Median occupancy (%)	Base (unweighted)
Independent	83**	69***	69	217
Maintained nursery schools	71	86***	91	190
Maintained primary schools with nurseries†	72	80	87	1533
All SBPs	73	80	85	1940

Key: * p<0.05, ** p<0.01, *** p<0.001. † reference category.

Source: SCEYP 2019

Table 15: Spare capacity and occupancy at school-based providers, by setting characteristics

	Settings with spare capacity (%)	Mean occupancy (%)	Median occupancy (%)	Base (unweighted)
Size of provider:				
1-29†	73	78	84	932
30-59	74	80*	86	691
60-99	72	83**	89	198
100+	75	83*	86	96
Opening hours:				
3 hrs or less†	61	84	92	167
Over 3 hrs, up to 6 hrs	74**	79*	84	221
Over 6 hrs, up to 9 hrs	73**	80*	86	1351
Over 9 hrs	83***	73***	73	196
Opening weeks:				
39 weeks or less (school year only)†	72	80	86	1817
Over 39 weeks (all year)	85**	74*	78	119
All SBPs	73	80	85	1940

Key: * p<0.05, ** p<0.01, *** p<0.001. † reference category.

Source: SCEYP 2019

Table 16: Spare capacity and occupancy at school-based providers, by profile of children

	Settings with spare capacity (%)	Mean occupancy (%)	Median occupancy (%)	Base (unweighted)
Age profile:				
No children under 3†	71	80	87	1363
Children under 3	79***	77**	80	572
% of children with SEND:				
0%†	79	72	75	359
Up to 10%	71**	82***	88	810
11 - 20%	73	81***	86	472
21 - 100%	75	78**	82	227
% of 3-4 YO with EYPP:				
0%†	77	74	77	518
Up to 10%	74	83***	88	412
11 - 20%	70*	83***	90	358
21 - 100%	72	82***	88	407
All SBPs	73	80	85	1940

Key: * p<0.05, ** p<0.01, *** p<0.001. † reference category.

Source: SCEYP 2019

Table 17: Odds ratio of having spare capacity at group-based providers (model for all group-based providers)

	Odds ratio	Std. Err.	P>t
London (ref.)			
East Midlands	1.22	0.21	0.256
East of England	1.38	0.22	0.044
North East	1.77	0.40	0.011
North West	1.36	0.22	0.066
South East	1.04	0.15	0.801
South West	1.60	0.27	0.006
West Midlands	1.25	0.22	0.188
Yorkshire and the Humber	1.25	0.23	0.224
EIMD 2015 1 st quintile (most deprived) (ref.)			
2 nd quintile	1.06	0.15	0.684
3 rd quintile	0.90	0.12	0.441
4 th quintile	0.89	0.12	0.408
5 th quintile (least deprived)	0.91	0.13	0.502
Urban (ref.)			
Rural	1.83	0.21	0.000
Private (ref.)			
Voluntary	0.77	0.08	0.009
Maintained	0.60	0.13	0.022
1-29 registered places (ref.)			
30-59 registered places	1.46	0.15	0.000
60-99 registered places	1.61	0.25	0.002
100+ registered places	1.09	0.23	0.690
Open for 3 hours or less (ref.)			
Over 3 hours, up to 6 hours	1.42	0.25	0.049
Over 6 hours, up to 9 hours	1.20	0.20	0.284
Over 9 hours	1.61	0.23	0.009
No under 3s at setting (ref.)			

Under 3s at setting	1.37	0.23	0.056
Constant	1.65	0.43	0.055
<i>Base (unweighted) GBPs</i>	4,337		

Odds ratios that were statistically significant at $p < 0.05$ have been highlighted in **bold**. An odds ratio > 1 indicates that the relative odds of having spare capacity at the setting are higher for settings in that category compared to the odds of settings in the reference category. An odds ratio < 1 indicates that the odds are lower compared to the reference category.

Source: SCEYP 2019

Table 18: Odds ratios of having spare capacity at group-based providers: SEND/ EYPP sub-sample (group-based providers variants 1 and 3)

	Odds ratio	Std. Err.	P>t
0% SEND (ref.)			
Up to 10% SEND	0.79	0.12	0.103
11 – 20% SEND	1.17	0.25	0.463
21 – 100% SEND	1.12	0.35	0.721
0% EYPP (ref.)			
Up to 10% EYPP	0.85	0.13	0.273
11 – 20% EYPP	1.06	0.19	0.732
21 – 100% EYPP	0.67	0.13	0.041
Constant	2.11	0.81	0.054
<i>Base (unweighted) GBPs, Variants 1 and 3</i>	2,294		

Odds ratios that were statistically significant at $p < 0.05$ have been highlighted in **bold**. An odds ratio > 1 indicates that the relative odds of having spare capacity at the setting are higher for settings in that category compared to the odds of settings in the reference category. An odds ratio < 1 indicates that the odds are lower compared to the reference category.

Questions about the number of children with SEND and EYPP were asked as part of Variants 1 and 3 only. Additional variables included in Table 17 (e.g. region) have been controlled for.

Source: SCEYP 2019

Table 19: Occupancy, group-based providers: OLS regression model for all group-based providers

	Coefficient	Std. Err.	P>t
London (ref.)			
East Midlands	-2.22	1.43	0.122
East of England	2.02	1.21	0.096
North East	-5.76	1.68	0.001
North West	0.89	1.34	0.506
South East	3.27	1.13	0.004
South West	0.01	1.30	0.996
West Midlands	-1.84	1.42	0.195
Yorkshire and the Humber	-0.90	1.47	0.540
EIMD 2015 1 st quintile (most deprived) (ref.)			
2 nd quintile	0.37	1.13	0.740
3 rd quintile	2.58	1.11	0.021
4 th quintile	2.80	1.12	0.012
5 th quintile (least deprived)	2.83	1.10	0.010
Urban (ref.)			
Rural	-6.04	0.78	0.000
Private (ref.)			
Voluntary	3.90	0.73	0.000
Maintained	7.28	1.79	0.000
1-29 registered places (ref.)			
30-59 registered places	0.07	0.77	0.925
60-99 registered places	2.65	1.11	0.017
100+ registered places	2.32	1.72	0.177
Open for 3 hours or less (ref.)			
Over 3 hours, up to 6 hours	-2.45	1.48	0.096
Over 6 hours, up to 9 hours	0.43	1.42	0.762
Over 9 hours	-4.74	1.52	0.002
No under 3s at setting (ref.)			

Under 3s at setting	4.30	1.86	0.021
Constant	73.36	2.52	0.000
<i>Base (unweighted) GBPs</i>	4,337		

Coefficients that were statistically significant at $p < 0.05$ have been highlighted in **bold**.

Source: SCEYP 2019

Table 20: Occupancy, group-based providers: OLS regression model for SEND and EYPP sub-sample (group-based providers variants 1 and 3)

	Coefficient	Std. Err.	P>t
0% SEND (ref.)			
Up to 10% SEND	4.98	1.09	0.000
11 – 20% SEND	2.73	1.58	0.084
21 – 100% SEND	1.66	2.29	0.469
0% EYPP (ref.)			
Up to 10% EYPP	4.65	1.06	0.000
11 – 20% EYPP	1.50	1.31	0.255
21 – 100% EYPP	1.56	1.59	0.326
Constant	68.34	3.59	0.000
<i>Base (unweighted) GBPs, Variants 1 and 3</i>	2,294		

Coefficients that were statistically significant at $p < 0.05$ have been highlighted in **bold**.

Questions about the number of children with SEND and EYPP were asked as part of Variants 1 and 3 only. Additional variables included in Table 19 (e.g. region) have been controlled for.

Source: SCEYP 2019

Table 21: Odds ratios of having spare capacity, school-based providers: model for all school-based providers

	Odds ratio	Std. Err.	P>t
London (ref.)			
East Midlands	1.58	0.39	0.063
East of England	1.30	0.28	0.219
North East	1.76	0.42	0.018
North West	1.41	0.26	0.069
South East	0.95	0.21	0.829
South West	1.52	0.42	0.125
West Midlands	1.15	0.23	0.481
Yorkshire and the Humber	1.47	0.31	0.064
EIMD 2015 1 st quintile (most deprived) (ref.)			
2 nd quintile	1.04	0.16	0.783
3 rd quintile	1.11	0.18	0.521
4 th quintile	1.25	0.23	0.233
5 th quintile (least deprived)	1.07	0.21	0.735
Urban (ref.)			
Rural	1.81	0.32	0.001
Maintained primary school with nursery (ref.)			
Independent school with nursery	1.72	0.37	0.012
Maintained nursery school	0.84	0.21	0.480
1-29 registered places (ref.)			
30-59 registered places	1.12	0.14	0.358
60-99 registered places	0.99	0.22	0.963
100+ registered places	1.23	0.42	0.541
Open for 3 hours or less (ref.)			
Over 3 hours, up to 6 hours	1.72	0.40	0.020
Over 6 hours, up to 9 hours	1.54	0.27	0.014
Over 9 hours	2.18	0.61	0.006

No under 3s at setting (ref.)			
Under 3s at setting	1.33	0.20	0.051
Constant	1.02	0.23	0.932
<i>Base (unweighted) SBPs, SEND and EYPP variant</i>	1,907		

Odds ratios that were statistically significant at $p < 0.05$ have been highlighted in **bold**. An odds ratio > 1 indicates that the relative odds of having spare capacity at the setting are higher for settings in that category compared to the odds of settings in the reference category. An odds ratio < 1 indicates that the odds are lower compared to the reference category.

Source: SCEYP 2019

Table 22: Odds ratios of having spare capacity, school-based providers: model with SEND and EYPP variables

With spare capacity	Odds ratio	Std. Err.	P>t
0% SEND (ref.)			
Up to 10% SEND	0.79	0.14	0.172
11 – 20% SEND	0.94	0.18	0.747
21 – 100% SEND	1.19	0.29	0.489
0% EYPP (ref.)			
Up to 10% EYPP	0.97	0.18	0.852
11 – 20% EYPP	0.79	0.15	0.227
21 – 100% EYPP	0.87	0.17	0.478
Constant	1.34	0.40	0.327
<i>Base (unweighted) SBPs, SEND and EYPP variant</i>	1,635		

Odds ratios that were statistically significant at $p < 0.05$ have been highlighted in **bold**. An odds ratio > 1 indicates that the relative odds of having spare capacity at the setting are higher for settings in that category compared to the odds of settings in the reference category. An odds ratio < 1 indicates that the odds are lower compared to the reference category.

Questions about the number of children with SEND and EYPP were asked of all SBPs but the base size is smaller in this model than in the previous table because of missing values at the % SEND and % EYPP variables.

Additional variables included in Table 21 (e.g. region) have been controlled for.

Source: SCEYP 2019

Table 23: Occupancy, school-based providers: OLS regression model for all school-based providers

Occupancy	Coefficient	Std. Err	P>t
London (ref.)			
East Midlands	-2.89	2.10	0.170
East of England	-1.84	1.91	0.335
North East	-2.48	1.90	0.192
North West	-4.22	1.57	0.007
South East	-1.46	1.86	0.432
South West	-5.54	2.39	0.021
West Midlands	-0.13	1.71	0.941
Yorkshire and the Humber	-3.41	1.73	0.049
EIMD 2015 1 st quintile (most deprived) (ref.)			
2 nd quintile	0.10	1.34	0.939
3 rd quintile	2.62	1.34	0.050
4 th quintile	-0.08	1.55	0.961
5 th quintile (least deprived)	3.14	1.62	0.053
Urban (ref.)			
Rural	-13.35	1.53	0.000
Maintained primary school with nursery (ref.)			
Independent school with nursery	-9.93	1.75	0.000
Maintained nursery school	4.42	1.84	0.016
1-29 registered places (ref.)			
30-59 registered places	-0.03	1.03	0.974
60-99 registered places	1.67	1.79	0.352
100+ registered places	0.05	2.72	0.984
Open for 3 hours or less (ref.)			
Over 3 hours, up to 6 hours	-2.08	1.99	0.296
Over 6 hours, up to 9 hours	-2.19	1.54	0.155
Over 9 hours	-4.76	2.27	0.036

No under 3s at setting (ref.)			
Under 3s at setting	-0.85	1.24	0.494
Constant	86.24	1.91	0.000
<i>Base (unweighted) SBPs</i>	1,907		

Coefficients that were statistically significant at $p < 0.05$ have been highlighted in **bold**.

Source: SCEYP 2019

Table 24: Occupancy, school-based providers: OLS regression model with SEND and EYPP variables

Occupancy	Coefficient	Std. Err	P>t
0% SEND (ref.)			
Up to 10% SEND	6.07	1.49	0.000
11 – 20% SEND	4.27	1.68	0.011
21 – 100% SEND	-0.06	2.17	0.977
0% EYPP (ref.)			
Up to 10% EYPP	4.85	1.45	0.001
11 – 20% EYPP	4.41	1.63	0.007
21 – 100% EYPP	3.66	1.66	0.027
Constant	79.75	2.59	0.000
<i>Base (unweighted) SBPs</i>	1,635		

Coefficients that were statistically significant at $p < 0.05$ have been highlighted in **bold**.

Questions about the number of children with SEND and EYPP were asked of all SBPs but the base size is smaller in this model than in the

Table 23 because of missing values at the % SEND and % EYPP variables.

Additional variables included in Table 23 (e.g. region) have been controlled for.

Source: SCEYP 2019

Appendix C: Interview topic guide for group-based providers

P14514 SCEYP Thematic study –
Occupancy, spare capacity and staff-to-child ratios

Interview Topic Guide – Early Years PVI settings interviews

NatCen, working with Frontier Economics, has been commissioned by the Department for Education to conduct research into factors affecting occupancy, spare capacity and staff:child ratios at Early Years settings.

This project is a mixed-methods thematic study which involves secondary analysis of SCEYP 2019 data and primary qualitative data collection and analysis.

These interviews with Early Years settings (a total of 40 group-based and school-based providers) will seek to understand providers' perceptions of factors affecting occupancy, spare capacity and staff:child ratios at their settings, and their decision-making around these aspects. Topics will include:

- perceptions of parental demand for places and of factors shaping demand in the area and for their type of setting;
- views on how occupancy, spare capacity and ratios might fluctuate throughout the year and how they've fluctuated over the past few years;
- decision-making at the setting regarding occupancy and ratios;
- past experiences of trying out particular approaches to increase occupancy rates;
- views on how things might change in the future.

The following guide does not contain pre-set questions but rather lists the key themes and sub-themes to be explored with participants. It does not include follow-up questions like 'why', 'when', 'how', etc. as it is assumed that participants' contributions will be fully explored throughout to understand the hows and whys.

1. INTRODUCTION

Aim: to remind the participant about the aims of the research, explain how the interview will be conducted and how the data will be used.

- Introduction to researcher. Thank you for agreeing to take part.
- Introduction to NatGen – independent research organisation, we have been commissioned by the Department for Education to conduct research into factors affecting occupancy and staffing at Early Years settings.
- Explanation of research – as part of this research, we're exploring providers' perceptions of factors affecting occupancy, spare capacity and staff:child ratio at their setting, and their decision-making on these aspects.
- The information you provide will be used to write a report that will be published by the Department for Education. All information will be treated confidentially. No individual or organisation will be named in the report and nothing you say will be attributed to you.
- We would like to record the interview, so we have an accurate record of what is said.
 - Recorder is encrypted, and files stored securely in line with General Data Protection Regulation (GDPR).
 - Only the research team will have access to the recordings.
- The interview will last around 40 minutes.
- Any questions?
- Permission to start recording.
- **Turn on recorder** - obtain verbal consent to participate.

2. PARTICIPANT BACKGROUND

Aim: to 'warm up' participant and to understand their role in the setting and in decision-making around occupancy and staffing. [up to 5 mins]

- Confirm key setting characteristics reported in SCEYP 2019 *[record this in recruitment log]*
 - Type of setting (whether private/voluntary; whether part of a chain)
 - Number of places
 - Whether they take children under 2 and aged 2 *[assuming all settings take 3-4 yo]*
 - Opening hours
 - Opening weeks
- Brief overview of role at the setting

- Responsibilities
- Length of service
- Brief explanation of involvement in decision-making on occupancy and staff recruitment at the setting

3. PARENTAL DEMAND FOR PLACES

Aim: to explore respondent's perceptions of parental demand for places in their area and for their setting, and of factors affecting this demand. [5-10 mins]

- Extent of demand for places at the setting
 - Any variation by age groups [*key groups: under 2 yo; 2 yo; 3-4 yo – see info sheet for funding*]
 - Any variation by timing of sessions
- Extent of demand for places in the area
 - How setting compares to other PVI in the area
- What influences demand for places at the setting
 - Area characteristics (e.g. local infrastructure; area deprivation)
 - Setting characteristics (e.g. type of setting; opening hours; specific provision)
 - Parents/carers characteristics (e.g. parental employment in the area; affordability of childcare to parents in the area)

4. OCCUPANCY AND RATIOS AT THE SETTING

Aim: to explore respondent's views on how occupancy, spare capacity and ratios might fluctuate at their setting throughout the year and over the past few years. [5-10 mins]

- Perception of current occupancy levels at the setting
 - Whether 100% occupancy is reached for any of the sessions
 - Any notable variation across sessions
 - How this compares to other PVI settings in the area
 - How they think current levels of occupancy at the setting affects provision (e.g. perceived impacts on quality, perceived impacts on staff, perceived impacts on business sustainability)
- Whether and how occupancy changes throughout the year
- Changes in occupancy over the last few years [*3 years if probed*] (whether increasing, decreasing, generally stable)
- Whether staff:child ratios generally at statutory levels/stable or more generous/changing – *see info sheet for statutory ratios*
 - If sometimes more generous/changing – When?

- If sometimes more generous/changing – Why?
- Changes in staff:child ratios over the past few years [3 years if probed]

5. DECISION-MAKING AT THE SETTING

Aim: to understand decision-making at the setting regarding occupancy and ratios, and factors taken into account including perceived impacts on quality of provision, staff (recruitment, turnover rates, staff qualifications, staff morale) and business sustainability. [5-10 mins]

- When are decisions at the setting usually made about: booking of sessions; new enrolments; statutory ratios
 - Whether at a single point in time or ongoing
 - Whether at specific times of year
- Who is involved in decision-making about: booking of sessions; new enrolments; statutory ratios
 - Whether frontline staff is involved
- Factors informing decisions about occupancy and staffing
 - Quality of provision
 - Children intake
 - SEND
 - EAL
 - 2 year olds eligible for funded hours
 - Pupil premium for 3-4 year olds
 - Staffing the setting
 - Recruitment challenges
 - Qualifications and CPD
 - Impact on staff
 - Turnover
 - Morale
 - Business sustainability
 - Whether some factors are more important than others and which ones

6. APPROACHES TO INCREASING OCCUPANCY

Aim: to identify any past experience of trying out particular approaches to increase occupancy rates and to explore respondent's reflections on that experience. [5-10 mins]

- Whether aware of any past experience of trying out particular approaches to increase occupancy

- Brief overview of approaches adopted [*if different approaches used, focus on 2 examples of most effective practice*]
 - Who involved
 - Main differences from usual practice
- Reflections on approach
 - How useful (what changed since adoption)
 - Key challenges
 - Key success factors / reasons for failure
 - How sustainable

7. EXPECTATIONS FOR THE FUTURE

Aim: to explore respondent's views about how things might change in the future. [about 5 mins]

- Whether occupancy and staffing levels may change in the future and how
 - Any plans for introducing or continuing specific approaches

8. CLOSE

- Final closing comments – anything else to raise
- Any questions?

End recording

- Thank participant and reaffirm confidentiality and anonymity

Appedix D: Interview topic guide for school nurseries

P14514 SCEYP Thematic study –
Occupancy, spare capacity and staff-to-child ratios

Interview Topic Guide – Early Years SBP settings interviews

NatCen, working with Frontier Economics, has been commissioned by the Department for Education to conduct research into factors affecting occupancy, spare capacity and staff:child ratios at Early Years settings.

This project is a mixed-methods thematic study which involves secondary analysis of SCEYP 2019 data and primary qualitative data collection and analysis.

These interviews with Early Years settings (a total of 40 group-based and school-based providers) will seek to understand providers' perceptions of factors affecting occupancy, spare capacity and staff:child ratios at their settings, and their decision-making around these aspects. Topics will include:

- perceptions of parental demand for places and of factors shaping demand in the area and for their type of setting;
- views on how occupancy, spare capacity and ratios might fluctuate throughout the year and how they've fluctuated over the past few years;
- decision-making at the setting regarding occupancy and ratios;
- past experiences of trying out particular approaches to increase occupancy rates;
- views on how things might change in the future.

The following guide does not contain pre-set questions but rather lists the key themes and sub-themes to be explored with participants. It does not include follow-up questions like 'why', 'when', 'how', etc. as it is assumed that participants' contributions will be fully explored throughout to understand the hows and whys.

1. INTRODUCTION

Aim: to remind the participant about the aims of the research, explain how the interview will be conducted and how the data will be used.

- Introduction to researcher. Thank you for agreeing to take part.
- Introduction to NatGen – independent research organisation, we have been commissioned by the Department for Education to conduct research into factors affecting occupancy and staffing at Early Years settings.
- Explanation of research – as part of this research, we're exploring providers' perceptions of factors affecting occupancy, spare capacity and staff:child ratio at their setting, and their decision-making on these aspects.
- The information you provide will be used to write a report that we will share with the Department for Education. All information will be treated confidentially. No individual or organisation will be named in the report and nothing you say will be attributed to you.
- We would like to record the interview, so we have an accurate record of what is said.
- Recorder is encrypted, and files stored securely in line with General Data Protection Regulation (GDPR).
 - Only the research team will have access to the recordings.
 - The interview will last up to 40 minutes.
 - Any questions?
- Permission to start recording.
- **Turn on recorder** - obtain verbal consent to participate.

2. PARTICIPANT BACKGROUND

Aim: to 'warm up' participant and to understand their role in the setting and in decision-making around occupancy and staffing. [up to 5 mins]

- Confirm key setting characteristics reported in SCEYP 2019 *[record this in recruitment log]*
 - Type of setting (maintained primary school with nursery)
 - Number of places
 - Whether they take children under 2 and aged 2 *[assuming all settings take 3-4 yo]*
 - Opening weeks
- Brief overview of role at the setting
 - Responsibilities

- Length of service
- Brief explanation of involvement in decision-making on occupancy and staff recruitment at the setting

3. PARENTAL DEMAND FOR PLACES

Aim: to explore respondent's perceptions of parental demand for places in their area and for their setting, and of factors affecting this demand. [5-10 mins]

- Extent of demand for places at the setting
 - Any variation by age groups [*key groups: 2 yo; 3-4 yo – see info sheet for funding*]
 - Any variation by timing of sessions
- Extent of demand for places in the area
 - How setting compares to other schools with a nursery in the area
- What influences demand for places at the setting
 - Area characteristics (e.g. local infrastructure; area deprivation)
 - Setting characteristics (e.g. opening hours; specific provision)
 - Being part of a school
 - Parents/carers characteristics (e.g. parental employment in the area; affordability of childcare to parents in the area)

4. OCCUPANCY AND RATIOS AT THE SETTING

Aim: to explore respondent's views on how occupancy, spare capacity and ratios might fluctuate at their setting throughout the year and over the past few years. [5-10 mins]

- Perception of current occupancy levels at the setting
 - Whether 100% occupancy is reached for any of the sessions
 - Any notable variation across sessions
 - How this compares to other schools with a nursery in the area
 - How they think current levels of occupancy at the setting affects provision (e.g. perceived impacts on quality, perceived impacts on staff, perceived impacts on business sustainability)
- Whether and how occupancy changes throughout the year
- Changes in occupancy over the last few years [*3 years if probed*] (whether increasing, decreasing, generally stable)
- Whether staff:child ratios generally at statutory levels/stable or sometimes more generous/changing [*see info sheet for statutory ratios*]

- If sometimes more generous/changing – When?
- If sometimes more generous/changing – Why?
- Changes in staff:child ratios over the past last few years *[3 years if probed]*

5. DECISION-MAKING AT THE SETTING

Aim: to understand decision-making at the setting regarding occupancy and ratios, and factors taken into account including perceived impacts on quality of provision, staff (recruitment, turnover rates, staff qualifications, staff morale) and business sustainability. [5-10 mins]

- When are decisions at the setting usually made about: booking of sessions; new enrolments; statutory ratios
 - Whether at a single point in time or ongoing
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 - Whether frontline staff is involved
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- Brief overview of approaches adopted *[if different approaches used, focus on 2 examples of most effective practice]*
 - Who involved
 - Main differences from usual practice
- Reflections on approach
 - How useful (what changed since adoption)
 - Key challenges
 - Key success factors
 - How sustainable

7. EXPECTATIONS FOR THE FUTURE

Aim: to explore respondent's views about how things might change in the future. [about 5 mins]

- Whether occupancy and staffing levels may change in the future and how
 - Any plans for introducing or continuing specific approaches

8. CLOSE

- Final closing comments – anything else to raise
- Any questions?

End recording

- Thank participant and reaffirm confidentiality and anonymity



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