

Sector outraged over claim that many nurseries are breaking Living Wage rules ^[1]

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AVAILABILITY

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EXCERPTS

Analysis of DfE research which found that one in ten practitioners were being paid less than the National Living Wage by nurseries has been met with outrage by sector organisations.

The work by the Family and Childcare Trust (FACT), published today, concludes that 22,000 nursery workers, the equivalent of one in ten, are being paid less than the National Living Wage, set at £7.20 per hour for the over-25s. It says this is despite nurseries receiving millions of pounds in Government funding.

The research is based upon data from the Department for Education's (DfE) Childcare and Early Years providers survey 2016, which was carried out between March 2016, the month before the National Living Wage was introduced on 1 April, and when the legal minimum was £6.70 per hour, and July 2016.

FACT scaled up the figures to represent the total number of staff aged over 25 working in group-based settings.

It goes on to claim that nurseries are 'flouting the law' despite receiving millions of pounds of Government funding every year through free childcare offers and subsidies, but leaving employees, many of whom are parents, struggling to make ends meet.

The Trust also refers to the Government's Naming and Shaming list for non-payment on the minimum wage last month that featured 22 childcare providers, which it says is 'just the tip of the iceberg'.

The Pre-School Learning Alliance has called the Family and Childcare Trust's analysis 'misleading' and irresponsible.

Its chief executive Neil Leitch said, 'We're very clear that no childcare provider should be paying their employees less than the national minimum or living wage, and it is of course right that any instances of this happening are investigated and dealt with appropriately. However, we completely reject the claim that such breaches are happening on anywhere near the scale that the Family and Childcare Trust are suggesting and our analysis of the same Department for Education data indicates that any such suggestions are both misleading and irresponsible.'

'The DfE survey that this claim is based on began collecting data in March 2016 – the month before the National Living Wage was actually introduced. As such, it's very likely that many, if not all, of those providers who reported paying less than £7.20 per hour did so before the National Living Wage had come into effect – especially given that they all confirmed that they were paying at least £6.70 per hour, which was the legal minimum wage in March.'

'There's no doubt that low pay in the early years sector remains a significant problem, and one that the Government has turned a blind eye to for far too long. However, reports like this do little to help the situation. Instead of unfairly and inaccurately criticising "greedy childcare providers", we should be looking to address the issue of chronic underfunding, the real cause of low pay in the sector.'

Ellen Broome, deputy chief executive of FACT, hit back at the criticism, saying, 'The evidence that 10 per cent of nursery workers were paid below the national living wage comes from the Department for Education's own data, where nursery providers directly reported that they were paying their staff below the national living wage as part of government funded research.'

'Nursery workers play a vital role in shaping the future of our society. The minority of employers who underpay staff risk undermining all the rest of the sector. We must put the spotlight on this issue so that all childcare workers get what they are entitled to and that government funding levels support this to happen.'

Claire Schofield, director of membership, policy and communications at the National Day Nurseries Association (NDNA), called the

research 'flawed'.

She said, 'We would never condone any business paying less than the minimum wage to staff.

'But the Family and Childcare Trust's analysis is flawed.

'It's unfair and absolutely untrue to paint a picture of law-flouting nurseries raking in millions in Government funding while underpaying nursery workers.

'The Department for Education survey quoted also says that just 17 per cent of nurseries made a profit or surplus in this period with 26 per cent breaking even and 35 per cent making a loss.

'Nurseries would love to pay their dedicated, talented and hardworking staff more, and the sector supports the national living wage, but financial constraints caused by Government under-funding have put huge pressure on nurseries.

'That's why NDNA is campaigning for better funding, enough to allow all nursery workers to be paid the real Living Wage of at least £8.45 per hour outside of London.'

She added, 'The Naming and Shaming list mentioned by Family and Childcare Trust is not always what it seems. It can be linked with confusing rules on deductions from staff pay, such as for their children's nursery fees, putting workers technically under minimum wage, though they have in effect been paid properly.

'This issue has been well documented in the media. As the Government is taking punitive measures, it has a greater responsibility than ever to provide clear guidance.

'NDNA has been campaigning for better, clearer information and guidance for childcare providers for a number of years and will continue to raise this issue with Government. We also issue guidance to members to help them to keep within the rules.'

-reprinted from Nursery World

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