

Submission to the Treasury Committee on the Government's financial response to the Coronavirus

March 23 2020

PACEY is the Professional Association for Childcare and Early Years. Our aim is for all children to experience high quality childcare and early learning. We support our 30,000 members to provide high quality childcare and early learning through training, resources, advice and peer support and champion the vital role they play in helping prepare children for a bright future.

We welcome the opportunity to submit to the Treasury Committee during these unprecedented times.

The measures announced so far, childcare for vulnerable children and the children of key worker plus the support for small businesses and employers, are commendable.

However, we believe financial help is urgently needed for the tens of thousands of childcare providers, including self-employed childminders, hit by the Coronavirus measures who, as of today (Monday 23 March 2020) face real hardship unless they receive immediate support.

Without effective financial intervention we fear for the devastating impact the measures will have on the long term sustainability of so many early years and childcare settings, services that families rely on, will need to return to, but also services that have been already been underfunded for many years.

We are particularly calling for urgent support for the 41,000 self-employed registered childminders in England and Wales who are *not* eligible for the majority of financial support for businesses announced to date.

Most of those childminders are sole traders and do not qualify for the current government support available to business. We conducted a survey of concerned childcare providers on March 23rd ¹ and 96 per cent of respondents identified as sole traders.

Of that cohort:

- 62 per cent reported being partially open (only taking key workers and vulnerable children)
- 37 per cent reported being closed.

The measures taken in response to the current crisis have hit childminders against an existing backdrop of historically low income, rising costs², and a dramatic decline in local authority support.

¹ An online, self-selecting survey. Respondents at time of writing = 940.

² Over half of childcare providers recently reported that costs have increased for all elements of care provision over the last 12 months. For instance, 75% of providers reported that the cost of food provided for children in their care had increased. Around 63% of all providers reported an increase in transport and training costs. See PACEY (2015), [Building Blocks: The State of the Childcare Sector in England](#) (Bromley: PACEY).

We also know that childminders are overwhelmingly female, many with challenging carer responsibilities and often living in single parent households.

As such they have very little financial resource as back-up and are particularly vulnerable to any loss of earnings.

We acknowledge and welcome the commitment to continued support for funded places. However, only 3% of 2-year-olds and 1% of 3- and 4- year-olds who are eligible for a free place do so with a childminder.¹

Therefore, the vast majority of childminders will miss out.

We know that our members will be doing everything they can to contribute to the collective efforts during this crisis. However, we must stress the lack of immediate and long term viability that exists for a childminder being asked to care for just the children of key workers and vulnerable children. We are currently assessing the true impact on small childcare businesses and will have data available shortly, but we know from the hundreds of childminders who have called into our helpline and contacted us through our social media channels, that the closure is having a devastating impact on sustainability of their businesses.

Here are just some of the examples of the responses we have received.

The funded hours I receive count for less than a quarter of the setting income. Statutory sick pay won't cover even half my rent, although I can't be evicted for 3 months I will never be able to pay off the debt. I'm a single mum with nowhere to turn. What am I going to do? Someone please help!

I'm opening for 2 children now spread over a week, 50hrs of work for less than minimum wage, putting my family at risk, and if we get sick we will be on statutory sick pay for helping! But we have little other options. I would like to add that we have no funded children.

I hope they do more for self-employed child minders working from home. Of my 6 children, 5 of them have parents that are key workers. Of these 5 one has a parent staying at home so not sending to school, 2 their dad worked in a pub and laid off so they're not sending. Leaves me with 2 children a couple of days a week, not enough to make a living.

Childminders are self-employed sole traders, there is nothing more for us apart from the prospect of building debt and delayed payments with mounting interest...many of us are facing a dramatic drop or total loss of income. How will we survive? There is no safety net for us! We have no support from the government when we are being asked to be a part of the effort to keep this country going. WE NEED HELP!

I have gone from caring for 18 children over the course of week to just two keyworker children. Most of my parents have kindly said they will continue to pay me for next month until I can sort out my finances, but I don't know what I'm going to do.

We fear the immediate loss of thousands of childminders; the impact on them, their families and the families that they support, but also the huge gap it will leave for childcare when life returns to normal.

In conclusion, PACEY recognises the importance of the measure that have been taken by Government to tackle the unprecedented threat of the Coronavirus.

However we believe that we need urgent financial support and protection for self-employed childminder businesses to help them right now. We also urge Government to understand the long-term impact and the support all childcare providers need, especially childminders, so that there is a strong early years and childcare sector that families can rely on when we are all able to return to our normal working lives.

¹ Department for Education (2015), [Provision for children under five years of age in England: January 2015, Statistical First Release](#) (London: Department for Education).

Notes:

Childminders in England are people who look after one or more children they are not related to for payment or reward. The care takes place in a home that is not the child's own. The majority register with Ofsted on the Early Years Register (EYR) because they look after children aged 0 to 5, but those who look after five to seven year olds need only to register on the Childcare Register (CR).

Childminding in Wales is childcare provided by one or more people for children from birth up to the age of 12 years within a domestic premises that is not the child's own home for more than two hours per day for reward. Childminders in Wales must be registered with the Care Inspectorate Wales (CIW). They must meet the requirements of the Regulations and National Minimum Standards.