

Written evidence submitted by The Out of School Alliance

Summary

The Out of School Alliance is an organisation which provides help and advice to providers of wraparound childcare on non-domestic premises (ie breakfast, after-school and holiday clubs). The majority of these settings are registered with Ofsted on the Early Years and General Childcare Registers.

We surveyed our members between 6 and 20 May 2020 to gauge how they have been impacted by the coronavirus shutdown.

The results showed that:

- The majority (85%) of providers are currently closed
- 44% were uncertain whether they will be able to re-open in September
- 54% thought there had been insufficient support for the wraparound sector
- Other than the CJRS (used by 82% of respondents), and the SEISS (20%), only a tiny minority of providers had been able to access any of the other government support schemes
- 10% had been unable to access any of the various support packages
- Providers were very dissatisfied with the lack of information from the DfE for this sector. (As an example, guidance for wraparound settings had been promised for weeks but was only published on 2 June, the day *after* settings had thought they were allowed open.)

We have attached a copy of the survey findings, as these give a clear insight into the impact of the coronavirus shutdown on this form of childcare setting.

Subsequent to this survey, the DfE announced that wraparound settings can only open on school premises, and can only take children from that one school. This has a major impact not only on clubs' ability to open now (and to continue to care for the children of key workers), but will also make the opening of holiday clubs very difficult indeed. Clubs which have been forced to close since 23 March were relying on the income from holiday clubs to see them through to September. If clubs have no income they will simply cease to trade and there will be a significant shortage of wraparound childcare when schools do finally re-open.

Concessions to the guidance need to be made to enable these childcare settings - which are mostly micro-businesses - to re-open as soon as possible. If this remains impossible due to infection rates, targeted financial support in the form of direct grants or sustainability funding, must be made available to ensure that providers don't go out of business before schools fully re-open.

If you have any questions regarding the survey, or any of the issues raised above, we would be happy to provide more information.

Clare Freeman & Catherine Wrench

Directors, Out of School Alliance

Survey results: Impact of coronavirus on OSCs

Introduction

The Out of School Alliance conducted a survey of its members and other providers of wraparound care (before, after-school and holiday clubs) during the second and third weeks of May. The aim was to discover how out of school clubs (OSCs) were faring in the face of the coronavirus epidemic, and in particular how the shutting down of schools and childcare settings had affected them.

Respondents

A total of 359 people completed the survey. Of these, 98% run an after-school club, 80% run a breakfast club, and 60% run a holiday club.

The average number of childcare places at each type of club is:

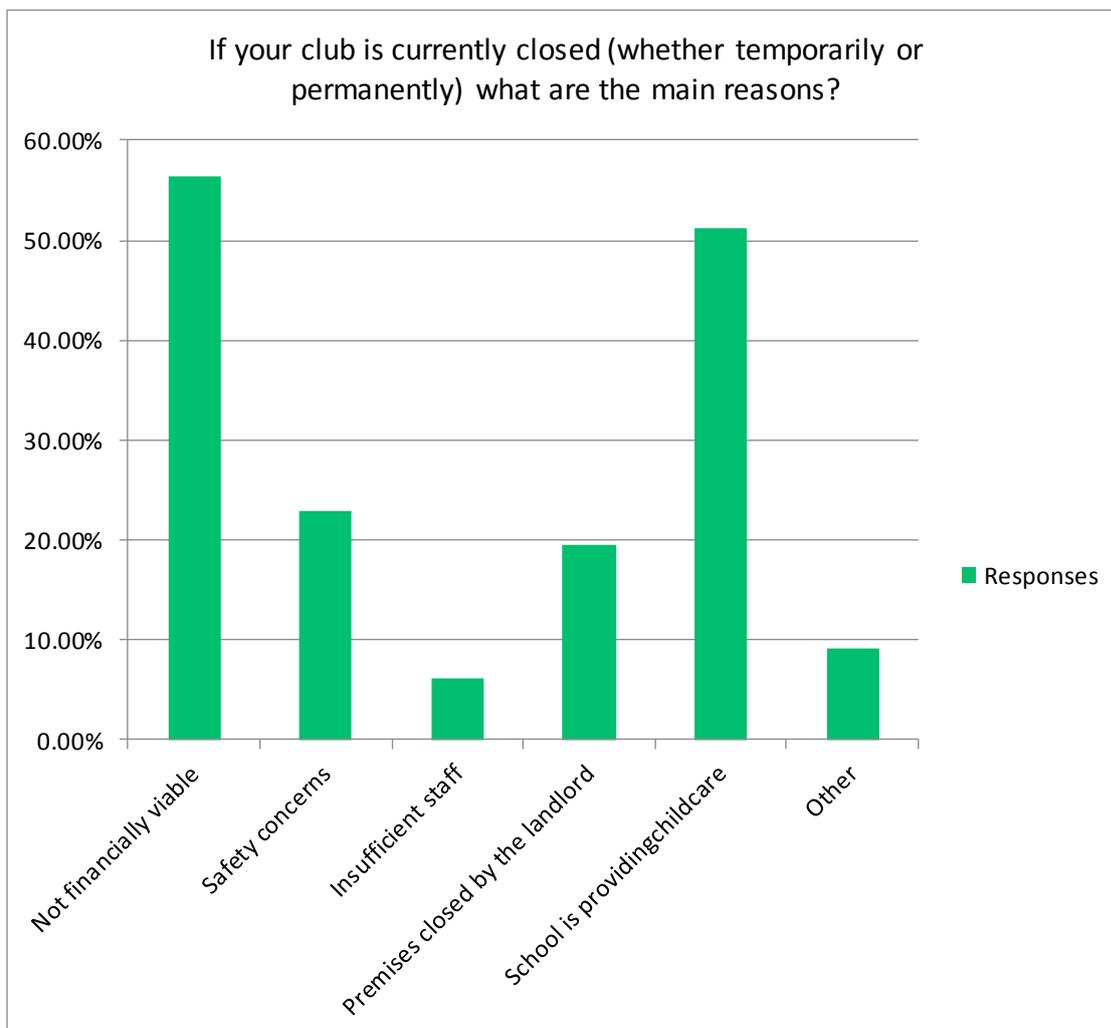
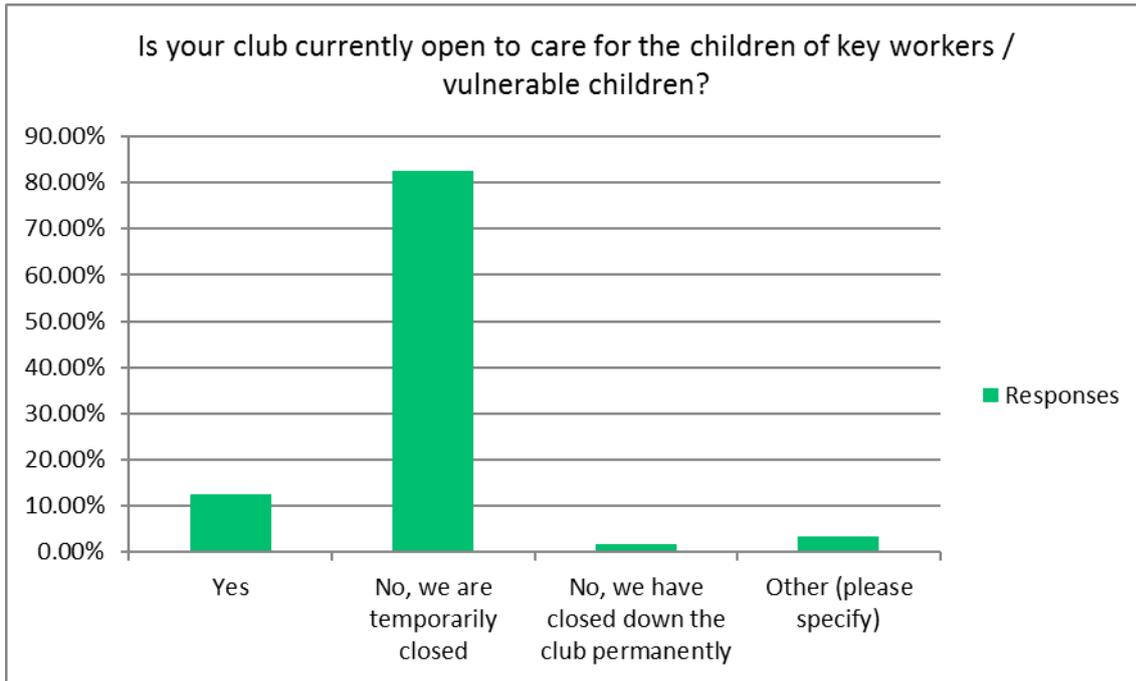
- Breakfast club: 40 places
- After-school club: 55 places
- Holiday club: 44 places

The number of childcare places provided by the respondents to this survey is therefore approximately 41,000.

Current status of OSCs

Although childcare settings were allowed to open during the school shutdown in order to provide care for vulnerable children and the children of key workers, in practice this was not possible for the majority of wraparound settings. Just under 13% were able to keep their club open, with the majority (82%) having to close their settings temporarily, and a small number (2%) taking the decision to close their club down permanently.

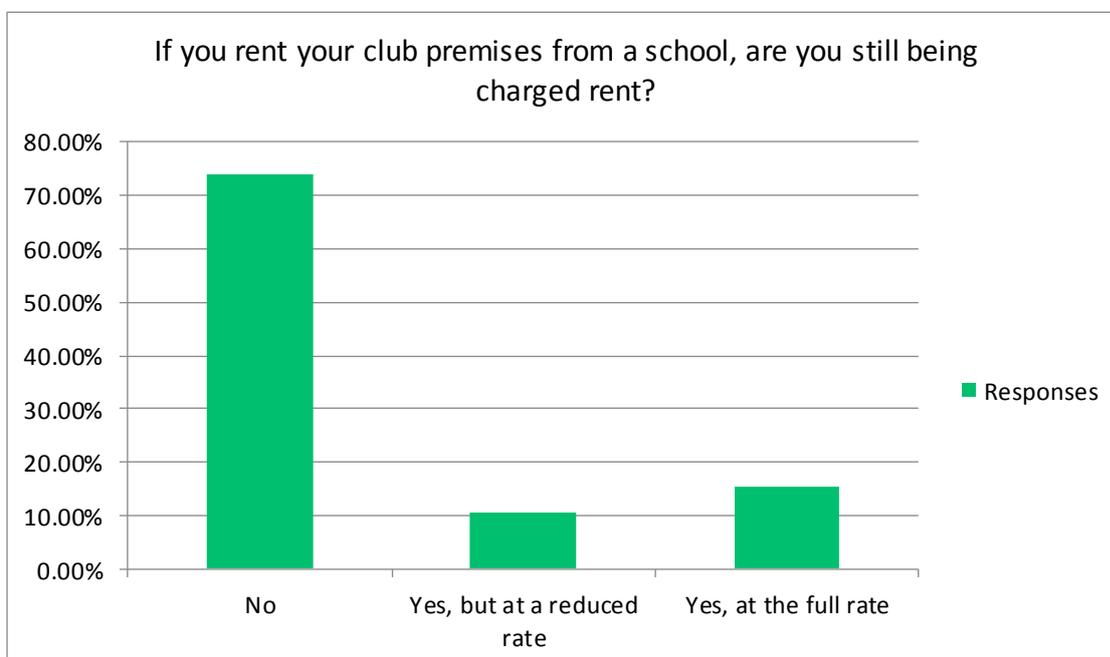
Where clubs took the decision to close (whether temporarily or permanently) the main reason (56%) was that it would not be financially viable for them to remain open for just a tiny handful of children, often just one or two per day. As out of school clubs receive no government support at all (unlike nurseries or childminders), they are entirely reliant on fees from parents in order to remain open. They cannot afford to run at a loss.



Another very common reason (51%) for being unable to remain open is the fact that schools themselves took over the provision of providing wraparound care for the key worker and vulnerable children. As the childcare was being provided by schools for free, this had the effect of totally removing the demand for (paid for) places at independent wraparound settings.

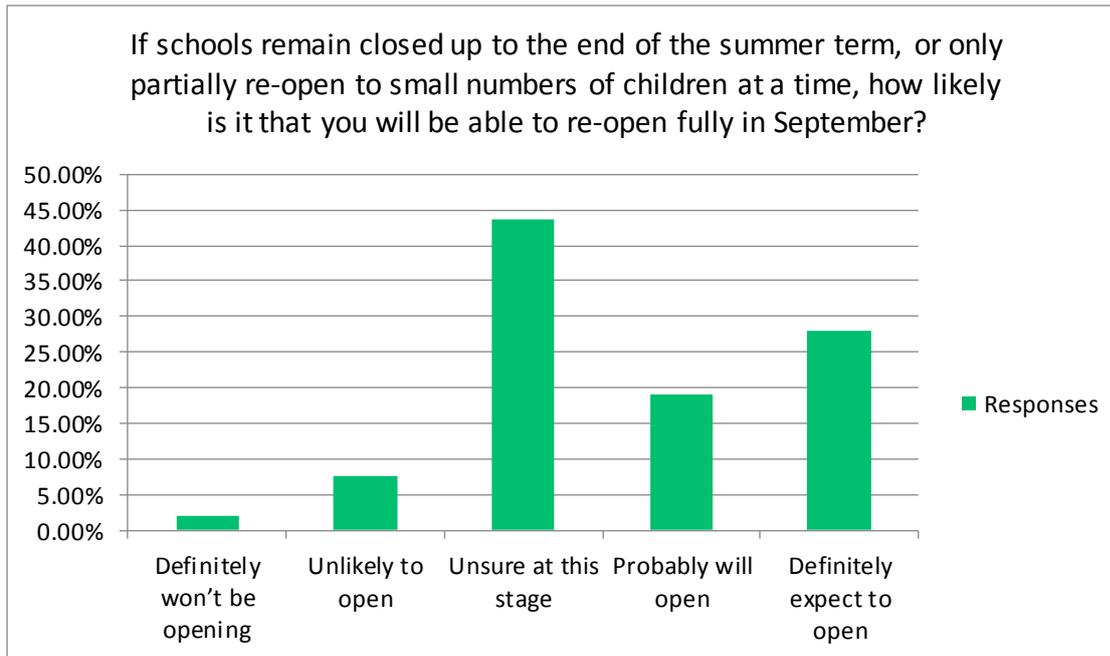
Other reasons for closure included concern about being able to ensure the safety of the club staff or children (23%), the premises used by the club being shut down by the landlord (which was typically the school) (20%), and a shortage of staff (6%).

Most wraparound settings rent their premises from the school. Although a majority of respondents (74%) reported that their host school had waived their rental charges during the school shutdown, we were surprised to see that some (11%) were still charging rent but at a reduced rate, and astonished to find that 15% were still charging rent at the usual rate.



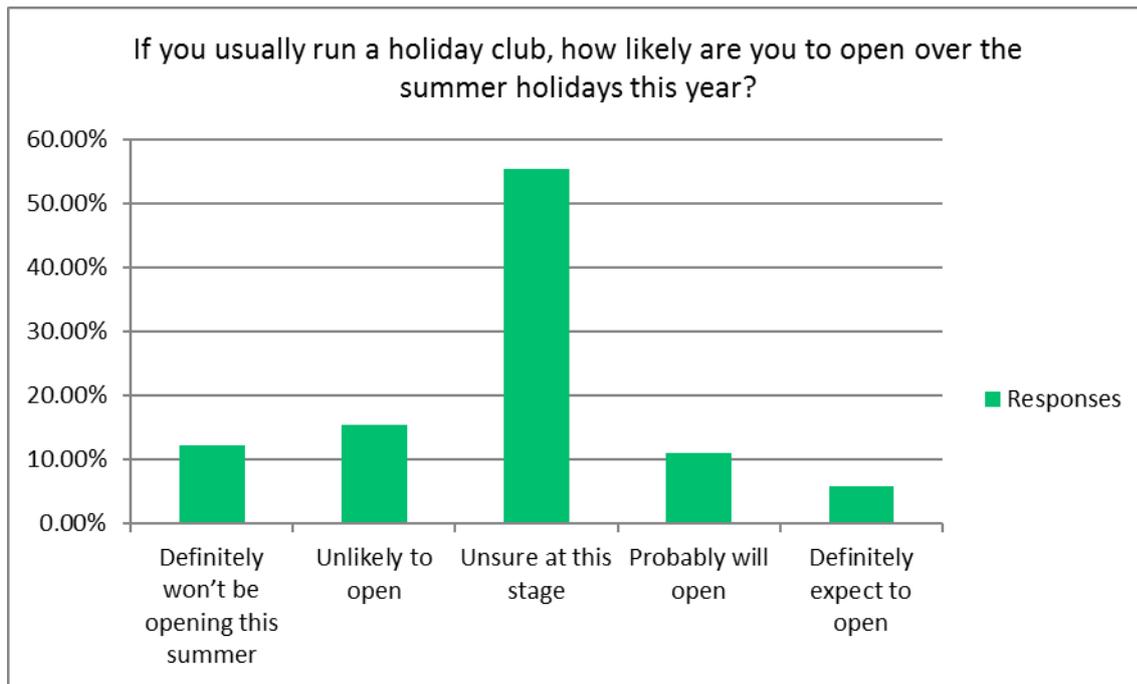
Ability of clubs to re-open in September

With the majority of clubs having been closed since 20 March, and the prospect of schools only opening to very small numbers of children before the summer holidays, many clubs face the prospect of having no income, or no significant income, until schools re-open in September. We asked clubs how likely they were to be able to re-open in September. 10% of respondents said that they either definitely or probably wouldn't re-open. 47% of respondents thought that they were very likely to re-open. But a large proportion (44%) were simply unable to predict whether they would be able to open or not.

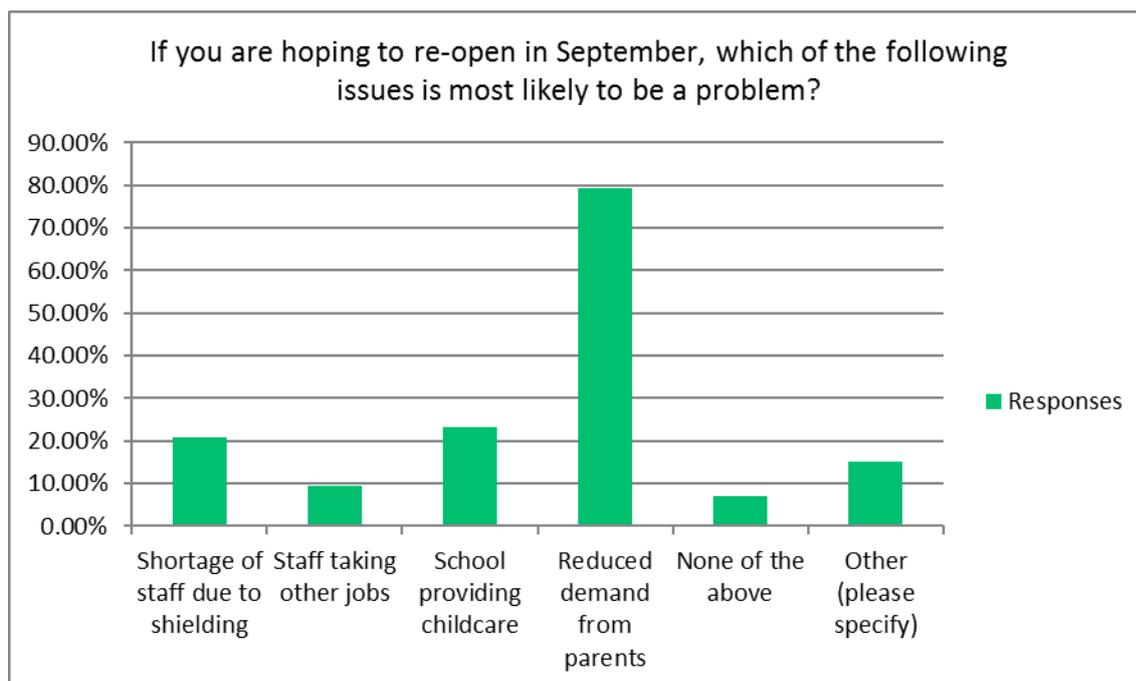


There is a huge amount of uncertainty about whether clubs will be able to survive with no income from 20 March through to the start of September, especially if the furlough pay which has enabled clubs to retain their staff so far, is reduced over the summer holidays. Most clubs don't have the reserves to make up the shortfall in pay and will have to make staff redundant. In addition, the uncertainty about in what form schools will re-open (eg totally back to normal, or on a rota system), and what the health protection guidelines will be at the time (especially with regards to social distancing) mean that it is impossible for clubs to plan for the future with any certainty.

Similarly, holiday clubs were unsure about whether they would be able to open during the summer holidays this year, with 56% reporting that they didn't know whether they would be able to open, 28% saying that they either definitely or probably would not be opening, and just 17% reporting that they would probably be open during the holidays. With holiday clubs providing a vital childcare source for working parents, this could be a major problem with regards to getting people back to work.



Out of school clubs face a number of potential problems when considering re-opening their wraparound provision in September. The most significant concern for respondents (79%) was that changes in the personal circumstances of parents (eg working from home, or being made redundant) would mean that the demand for wraparound care would be reduced. Another common concern shared by 23% of respondents, was that schools could decide to continue providing wraparound care for the children at their school, therefore forcing the independent providers - which had built up the business in the first place – out of business. There was also concern about staffing (21%) – which is a perennial problem for clubs at the best of times due to the short and awkward working hours – but with some staff still needing to continue to self-isolate because they are in ‘at risk’ groups, staff shortages are a real threat.



Another concern commonly cited by respondents was that they would not be able to meet the social distancing requirements due to the space available at their premises, if these requirements are still in force in September. The problem will be particularly acute for clubs which run on school premises as the schools will need to be using every bit of available space themselves so are likely to be unable to accommodate wraparound settings in the usual way.

Respondents were also worried about the possibility of low numbers of children on a day to day basis if schools are only partially open in September, ie with different years in on different days, or with different start times. If the numbers are too low then it won't be financially viable for wraparound settings to re-open without some form of financial support to supplement the income from fees.

Financial support

The vast majority of clubs (82%) have made use of the CJRS (Coronavirus Job Retention Scheme) in order to keep their staff employed whilst clubs have been forced to close. Like all small employers, providers are generally very grateful for this support but are very worried about how they will manage from the end of July when the government's contribution to furlough pay will be reduced, until the start of September when (hopefully) clubs will be able to re-open.

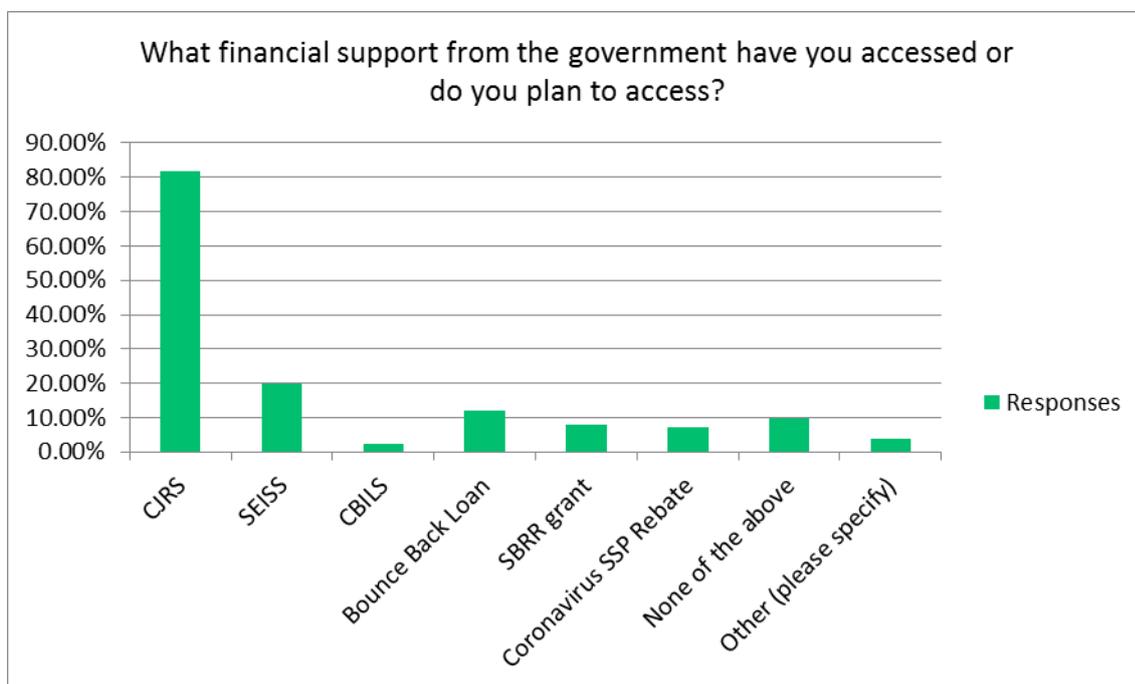
The SEISS (Self-Employment Income Support Scheme) has been used by 20% of respondents, although many providers have been caught out by the various gaps in the scheme (eg if they haven't yet been trading for a year, or if they have been effectively self-employed through a small limited company and can only claim against their PAYE earnings).

The CBILS (Coronavirus Business Interruption Loan Scheme) was used by very few clubs (2%) which probably reflects the wider problems with accessing the scheme. The Bounce Back Loan was more popular (12%) but had only just opened at the time of the survey so more providers may well have made use of it more recently.

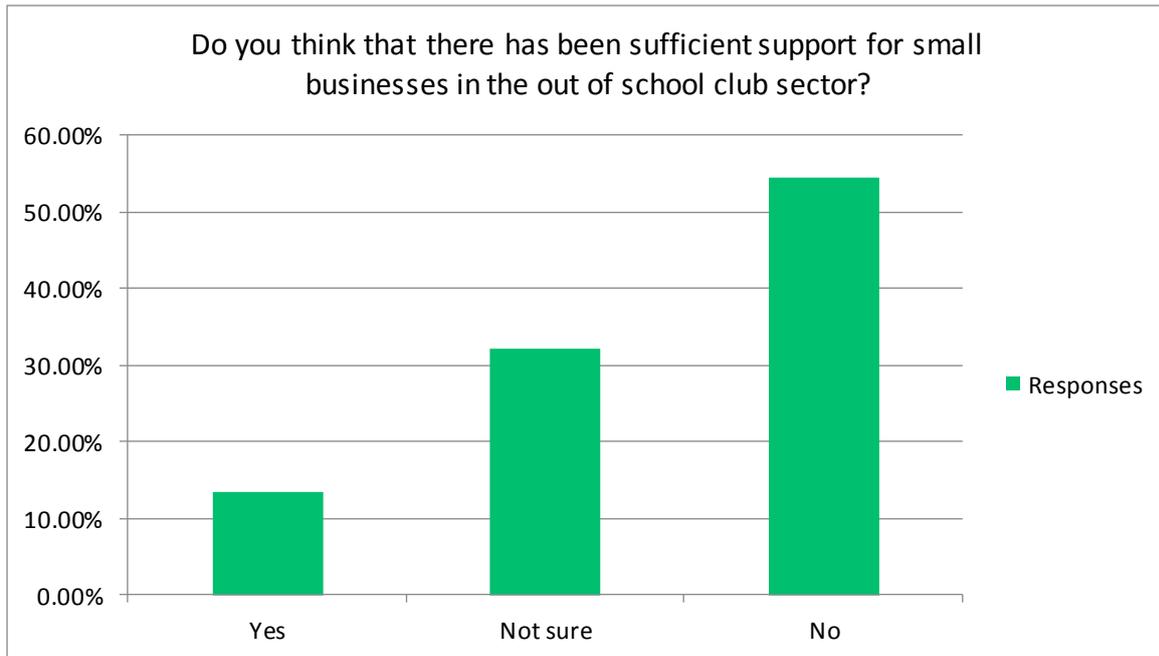
The majority of out of school clubs rent shared space in another building, such as a school or community hall, so were not entitled to the valuable SBRR (Small Business Rates Relief) grant enjoyed by other small businesses with dedicated premises. Only 8% of our respondents benefitted from SBRR.

The SSP Rebate scheme had not yet opened at the time of our survey, but 7% reported that they planned to use it. It is likely that other providers will make use of this scheme in the coming weeks.

Significantly, **10% of respondents reported that they had not made use of any of the financial support schemes** included in our question. Whether this is because they are not eligible for any support, or for other reasons, is unclear. However several respondents did report that they weren't eligible for any support with one respondent saying that they had 'not received a single penny of support from the government during the crisis', another that their 'business doesn't appear to fit any of these criteria, which is a real concern', another that 'due to being a charity [we are] struggling to get anything off anyone'.



When we asked whether they thought that there had been sufficient support for businesses in the out of school club sector, 54% responded no, 32% were unsure, and just 13% thought there had been enough support.



In our final question, we asked what other support government should provide specifically for out of school clubs. This question generated a huge number of responses, out of which the following common themes emerged:

- **Insurance claims**

Like many other business sectors, out of school clubs are finding that their insurance company is not accepting claims for business interruption cover. With clubs having been closed down by government diktat from 20 March, and in most cases being faced with continued closure until the start of September, they are somehow needing to survive for more than five months without income. An insurance pay-out for those clubs that have business interruption cover would massively help the thousands of clubs which are currently struggling and facing going under before they can re-start in September. Clubs are enraged and frustrated that this lifeline is being withheld by insurance companies. Pressure from the government to force insurance companies to honour claims arising from closures due to the coronavirus shutdown would help a great many clubs meet their ongoing costs.

- **No access to SBRR grant or other grants related to business rates**

Although nurseries benefitted from business rates holidays, and other small businesses have benefitted from the SBRR grant, neither of these are relevant to the majority of out of school clubs. Most clubs rent their premises within a shared space such as a school or village hall and aren't therefore separately liable for business rates. A grant similar to that enjoyed by small businesses that qualify for the SBRR grant, or similar to the value of business rates holiday enjoyed by nurseries, would make a huge difference to the many out of school clubs which are struggling with no income for months on end.

- **Little support for directors of small businesses**

Many out of school clubs are run by self-employed people, either as sole traders or as directors of 'one woman' businesses. Directors of small businesses haven't been able to benefit from the same SEISS grant as those people who operate as sole traders. Although they can claim furlough pay for themselves, this prevents them from doing any work on keeping their company going, whereas people who are sole traders can claim the SEISS and continue doing productive work towards keeping their business ticking over so that it is better placed to re-open at short notice when conditions allow. This discrepancy is hitting the directors of small limited companies very hard.

- **Out of school clubs constantly overlooked in guidance and funding**

The topic of the lack of guidance and information specific to wraparound settings was frequently voiced by respondents. The existence and importance of school-aged childcare is so frequently ignored, or only included as an after-thought in any government publications on childcare. Evidence of this is easy to find in the lack of guidance relevant to this sector amongst all the many publications issued by the DfE since the start of the Coronavirus epidemic, and in the lack of any specific funding to help support this childcare sector, unlike all the funding and grants available to other forms of childcare providers such as nurseries and childminders.

The essential service provided by this army of tiny businesses and voluntary organisations is constantly overlooked, yet without this sector most working parents with primary-school aged children would struggle to find suitable childcare.

- **Other forms of childcare are viewed as essential, but not wraparound settings**

Other forms of childcare enjoy funding and support from central government, either in the form of continued funding for early years places – even when those children aren't attending – or in the form of the many concessions for nurseries such as the business rates holiday. Although just as valuable a resource for working parents as nurseries and childminders, providers of childcare for primary school-aged children receive no such funding to help them keep their provision open both during the shutdown and afterwards when demand is initially likely to be lower. Without some form of additional funding a large number of wraparound childcare places will be lost meaning that the ability of parents to return to work will be curtailed. It should be remembered that most wraparound settings need to be Ofsted-registered so it is not possible for new settings to instantly open up to step in when another setting closes. The Ofsted registration process typically takes many months.

- **Sustainability funding for opening with reduced numbers**

An expectation that clubs could initially be running at a loss even when schools re-open in September, was mentioned by many respondents. If schools aren't open to all school years, or if schools and clubs still need to maintain strict social distancing, or if parents are still reluctant to send their children to school, clubs will have

significantly fewer children than normal attending each session, resulting in a loss of income. To help tide clubs over during the early weeks when income will be reduced, and to ensure that clubs will be there ready to receive the full complement of children as soon as external conditions allow, some form of sustainability funding would be most valuable.

- **Schools poaching clubs**

Many respondents voiced their fear that schools will take the opportunity of the extended shutdown to force external providers out, and take over the existing businesses themselves. This has been an increasing trend over the past couple of years, with schools essentially stealing established businesses that have been built up over a period of years by third party providers by terminating their rental contracts, and taking the provision of wraparound care in-house. So many clubs have already been driven out of business in this fashion, and are justifiably concerned that this trend will accelerate with many schools already refusing to allow their usual wraparound clubs to re-open on their premises during the gradual re-opening of schools and childcare settings that is planned from 1 June. A steer from the DfE to school governors regarding the importance of leaving existing childcare provision in place, and not leaping to take it in-house would give clubs reassurance that it is worth their while hanging on until September.

- **Waiving rent**

Another suggestion for helping clubs to re-start in September (or sooner) is if schools could be instructed to waive rent to out of school clubs for a period of time, until pupil numbers get back to normal. Currently there is the worry that only a proportion of children will be back in school in September, which will reduce the demand for wraparound childcare places, just when clubs are most in need of generating revenue after the long shutdown. Encouraging schools, and other local authority and community landlords to temporarily waive rents for out of school clubs will provide them with some breathing space initially.

- **PPE**

Concern about sourcing and the cost of PPE for childcare staff was raised by several respondents.

June 2020