early years alliance

THE FORGOTTEN SECTOR

The financial impact of coronavirus on early years providers in England

Early Years Alliance | June 2020

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EXECUTIVE SUMMARY

The Covid-19 pandemic is an unprecedented event that has impacted individuals, communities and industries across the world on a previously unimaginable scale. This report focuses on the impact of the outbreak – and the subsequent measures undertaken by the government – on the private and voluntary early years sector in England. It is based on three surveys undertaken by the Alliance:

- A survey of more than 3,000 childcare providers conducted in April 2020 looking at the financial impact of lockdown and the sector's views on government coronavirus support schemes.

- Two separate surveys of around 4,500 parents of under-fives and more than 6,000 providers conducted in May 2020 on views relating to government plans to allow the childcare sector to reopen as of 1 June.

This report also contains financial modelling from independent research analysts Ceeda on the combined financial impact on childcare providers of current government funding levels and reduced occupancy as a result of the coronavirus pandemic (see page 6).

The outbreak of Covid-19, and subsequent order from the government for all childcare settings in England to close to all but critical worker families and vulnerable children as of 23 March 2020, has had a significant negative financial impact on early years providers. Many have seen their income fall substantially, while many costs – such as mortgages, rents and insurance – remain.

The survey of more than 3,000 pre-schools, nurseries and childminders carried out by the Alliance in April found that:

- **25%** of respondents felt that it was 'somewhat unlikely' or 'very unlikely' that they would be operating in 12 months' time.

- **74%** of respondents said that the government hasn't provided enough support for early years providers during the coronavirus crisis.

It is the Early Years Alliance's view that the pressures that early years providers would have inevitably faced as a result of the coronavirus pandemic have been significantly exacerbated by a lack of adequate government support and a series of last-minute guidance changes, as summarised overleaf.

No transitional funding support

The survey of around 4,500 parents of under-fives carried out by the Early Years Alliance in May found that just **45%** of parents intended to take up their childcare place when providers were able to reopen on 1 June.

Falls in parental demand, alongside limits on the number of children providers can deliver places for while limiting the risk of infection transmission, are likely to result in a significant reduction in income for many settings. The separate survey of early years settings carried out by the Alliance in May found that **69%** of providers expect to operate at a loss over the next six months.

Despite this, the government has not committed to providing any transitional funding support to help providers to remain sustainable during this period.

No government support for additional costs of operating during a pandemic

The Department for Education announced in April that schools can apply for additional financial support of up to £75,000 to help with the "exceptional costs associated with coronavirus for the period of March to July", including increased premises related costs and additional cleaning costs.

In contrast, the government has failed to provide any financial support to early years providers to help cover the additional costs of operating during the coronavirus outbreak, such as PPE and additional cleaning costs.

Job Retention Scheme funding

Initial Department for Education guidance suggested that early years settings could fully access financial support from both the Coronavirus Job Retention Scheme and early entitlement funding. However, four weeks after this guidance was published – and just three days before the Job Retention Scheme portal opened – the government announced that providers would only be able to receive furlough funding for the proportion of their income accounted for by private sources.

75% of respondents to the Alliance's April survey stated that they had been under the understanding that they would be able to access full support from both schemes, and **71%** had already furloughed staff. As a result of this last-minute change, **47%** said they may have to make staff redundant.

Early entitlement funding

The government initially committed to continuing to pay for all early entitlement places during the coronavirus outbreak, regardless of whether settings were open or closed, and stated that it expected local councils to follow this position. However, five weeks later, the Department for Education announced that local authorities would have the flexibility to redistribute early entitlement funding for critical worker and vulnerable children to providers remaining open, meaning that some providers who had closed – often due to a lack of demand for places – faced an unexpected withdrawal of funding.

Business support grants

Many childcare providers who would otherwise be considered 'small businesses' are not eligible for the £10,000 Small Business Grant introduced by the government in March 2020, because eligibility is based on receipt of business rate relief and they aren't able to receive this because, for example, they rent their premises or are based in premises that have no rateable value. The government has created a Local Authority Discretionary Grants Fund for businesses not eligible for the Small Business Grant – however, childcare providers are not included on the list of businesses that councils have been advised to prioritise.

Initial Department for Education guidance also suggested that providers in receipt of charitable status relief would be eligible for the Small Business Grant. This was belatedly amended after nearly two months to state that such settings would not be able to receive this grant.

In addition, while eligible businesses in the retail, hospitality and leisure sectors based in premises that have a rateable value of between £15,000 and £51,000 are able to receive a £25,000 grant from government, this support does not extend to the childcare sector.

Self-employed Income Support Scheme

While the Self-employed Income Support Scheme offers some welcome support to self-employed childminders during this time, the decision to calculate this support based on profits rather than income has meant that for childminders, many of whom have made little profit over recent years, the financial support offered by the scheme is limited.

Newly-employed childminders, who fall outside of the eligibility criteria, will receive no support at all from the Self-employed Income Support Scheme.

Covid-19 'catch-up' funding

On 19 June 2020, the Department for Education announced a £1 billion funding pot to support children who have fallen behind as a result of missing education during lockdown. Although the Department initially stated that this funding would be made available to the early years sector (and 16-19 providers), it later clarified that this was not the case, and that the funding would go exclusively to primary and secondary schools.

CEEDA ANALYSIS

Independent early years research analysts Ceeda has produced a range of occupancy models showing the impact that various occupancy levels would have on delivery costs for private and voluntary pre-schools and nurseries, and compared this to current early years funding rates.

This modelling shows that, on average, over a 12-month period:

- providers operating at **15%** occupancy would incur average losses of **£8.32** per hour (*delivery costs of £13.70 vs an average funding rate of £5.38*) on funded two-year-old places: a shortfall of **155%**, and average losses of **£7.22** per hour (*delivery costs of £11.79 vs an average funding rate of £4.57*), on funded three- and four-year-old places: a shortfall of **158%**.

- providers operating at **25%** occupancy would incur average losses of **£5.17** per hour (*delivery costs of £10.55 vs an average funding rate of £5.38)* on funded two-year-old places: a shortfall of **96%**, and average losses of **£4.06** per hour (*delivery costs of £8.63 vs an average funding rate of £4.57*), on funded three- and four-year-old places: a shortfall of **89%**.

- providers operating at **35%** occupancy would incur average losses of **£3.81** per hour (*delivery costs of £9.19 vs an average funding rate of £5.38*) on funded two-year-old places: a shortfall of **71%**, and average losses of **£2.71** per hour (*delivery costs of £7.28 vs an average funding rate of £4.57*), on funded three- and four-year-old places: a shortfall of **59%**.

- providers operating at **45%** occupancy would incur average losses of **£3.06** per hour (*delivery costs of £8.44 vs an average funding rate of £5.38*) on funded two-year-old places: a shortfall of **57%**, and average losses of **£1.96** per hour (*delivery costs of £6.53 vs an average funding rate of £4.57*), on funded three- and four-year-old places: a shortfall of **43%**.

- providers operating at **55%** occupancy would incur average losses of **£2.59** per hour (*delivery costs of £7.97 vs an average funding rate of £5.38*) on funded two-year-old places: a shortfall of **48%**, and average losses of **£1.48** per hour (*delivery costs of £6.05 vs an average funding rate of £4.57*), on funded three- and four-year-old places: a shortfall of **32%**.

- providers operating at **65%** occupancy would incur average losses of **£2.26** per hour (*delivery costs of £7.64 vs an average funding rate of £5.38*) on funded two-year-old places: a shortfall of **42%**, and average losses of **£1.15** per hour (*delivery costs of £5.72 vs an average funding rate of £4.57*), on funded three- and four-year-old places: a shortfall of **25%**.

- providers operating at **75%** occupancy would incur average losses of **£2.01** per hour (*delivery costs of £7.39 vs an average funding rate of £5.38*) on funded two-year-old places: a shortfall of **37%**, and average losses of **91p** per hour (*delivery costs of £5.48 vs an average funding rate of £4.57*), on funded three- and four-year-old places: a shortfall of **20%**.

This analysis is modelled using data collected in Ceeda's April 2019 About Early Years study wave adjusted for CPI inflation and statutory wage rises. The full briefing paper, including technical notes, is available at aboutearlyyears.co.uk/our-reports.

RECOMMENDATIONS

The Early Years Alliance is calling on the government to:

- Commit to the urgent provision of transitional funding for nurseries, pre-schools, childminders and out-of-school clubs to ensure that providers are able to remain sustainable during a likely prolonged period of reduced demand and limits on occupancy.

- Remove the restrictions placed on the Job Retention Scheme at the last minute for early years providers in receipt of early entitlement funding, and honour the original guidance issued to the sector, upon which the vast majority of early years settings made their business decisions and plans.

- Provide dedicated financial support to help early years providers meet the additional costs of operating during this unique period, such as cleaning, PPE and additional staffing.

- Introduce a grant fund for childcare providers that is equivalent to the Retail, Hospitality and Leisure Grant Fund in term of financial support (that is, grants of £25,000 for businesses based in premises with a rateable value of between £15,000 and £51,000).

- Commit to ensuring that no charitable setting that received the Small Business Grant on the basis of the original Department for Education guidance has this funding clawed back.

- Extend the existing Small Business Grant scheme to childcare providers who do not attract rate relief but would otherwise be deemed a 'small business', or designate childcare providers as a priority business type for the Local Authority Discretionary Grants Fund.

- Take 2019/20 tax-returns into account for the purposes of the Self-employed Income Support Scheme.

- Extend the £650m of 'catch-up' funding for schools to include the early years sector.

- Commission a long-term, independent review of early entitlement rates informed directly by the early years sector, and commit to a subsequent increase in funding levels to ensure that they cover rising business costs, both now and in the future to safeguard the long-term sustainability of the early years sector.

BACKGROUND

Research has demonstrated that quality early years education plays a vital role in children's long-term development and life chances. The provision of affordable and accessible early years care is also critical to enabling parents – and primarily mothers – to return to the workplace, and therefore has a central role to the smooth running of the economy as a whole. However, despite this, the early years sector has seen a sustained lack of adequate investment for many years.

In 2017, a new early years funding formula in England was introduced. However, the average national funding rates that were put in place at this time were based on a Department for Education (DfE) review into the cost of delivering childcare carried out in 2015 which used outdated data on vital information on provider costs (such as wages, mortgages and utilities costs) from 2012 and 2013. In addition, because the government claimed that future increases in such business costs had already been factored into the 2017 early years funding rates, many childcare providers saw little to no rise in the levels of funding they received between 2017 and 2020.

This is despite the fact that, in 2018, the Treasury Committee released a report that called on the government to "ensure that the hourly rate paid to providers reflects their current costs" and "that the hourly rate is updated annually in line with cost increases", arguing that there was a lack of evidence "that the increases in the national living wage had been factored into the hourly rates provided by central government to local authorities and childcare providers" and that it was "highly likely that increases in other costs, such as pension auto-enrolment and business rates, [had] also not been factored into the central government hourly rates".

In 2019, the government announced an 8p increase in funding rates for the early years sector which came into effect in April 2020. This equated to, on average, less than a 2% increase in funding at a time where national living and minimum wage requirements were increasing by around 6%.

To date, the government has not made any commitment to increase early funding rates further.

"We barely break even at the best of times, so any changes to our model, extra staffing, extra cleaning or lower children numbers will inevitably lead to losses."

FINANCIAL IMPACT OF COVID-19

It is clear that the early years sector in England was facing severe financial challenges long before the Covid-19 outbreak. These challenges have been significantly exacerbated by the onset on the pandemic, and the subsequent order by the government for childcare providers to partially close on 23 March 2020.

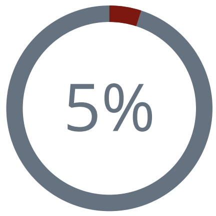
The partial closure of the early years sector

The clearest impact of this was the immediate, and in some cases, significant loss in parental fees. According to government statistics, the total number of children attending early years settings during the lockdown period was around 4% – 5% of the number normally attending.

One Alliance survey respondent stated that their setting was losing *"around £12,000 a month in fees"* during the lockdown period. Another said at the time: *"We are £11k down from parent fees. We are a charity and reserves will be seriously depleted."*

A number of respondents also highlighted the fact that they had been unable to claim for loss of revenue as a result of Covid-19 on their existing insurance policies.

The most common reasons given for this were that their policy did not include cover for notifiable diseases, that their policy included such cover but didn't include Covid-19 on its list of insurable diseases, or that their policy did not include cover for closures ordered by the government that were not prompted by an outbreak at the setting itself.



of children were attending early years settings by the end of the lockdown period

One respondent said: *"[Our] insurance company would not recognise Covid-19 as a notifiable disease."* Another said: *"My insurance cover is excluded so I am reliant on government help."*

This financial pressure has been exacerbated by the fact that many providers took the decision to waive parental fees during the lockdown period, despite the sometimes-significant financial implications of doing so.

One provider commented: *"We do not feel it right to charge families for provision during lockdown where the child is not a keyworker's child or vulnerable, therefore not requiring provision, therefore we will not financially benefit from those fees. Potentially we could lose £11k in the summer term if we do not reopen fully by the summer holidays."*

Another said: *"I am losing a significant amount of money whilst closed as I am not charging parents' private fees (£40k loss for April alone)."*

The re-opening of the early years sector

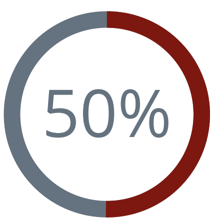
Despite the fact that early years providers were able to open to all children as of 1 June 2020, the pressure on finances is likely to continue for some time. This is for three main reasons:

1) Lack of demand from parents

The Alliance survey of 4,490 parents of under-fives carried out in May 2020 found that, of those parents whose childcare provider had confirmed they would be reopening on or shortly after 1 June, only **45%** were planning to take up their child's place (**42%** were not planning to do so, and **13%** were still undecided).

Of those who were not planning to return their children to childcare, the most commonly cited reasons were concerns about the safety of their children (cited by **74%** of relevant respondents), concerns about the safety for their wider family (**63%**), and concerns about the safety of the staff at their childcare setting, or their childminder (**58%**).

Similarly, the Alliance survey of 6,300 early years providers carried out in May 2020 found that **50%** of providers expected the demand for places to be less than the number of children they would be able to safely care for, a figure that would already be significantly reduced in comparison to a setting's normal occupancy (see 'Limits to how many children can be cared for safely').



of provider expected demand to be less than the number of children they can care for

Department for Education statistics published on 23 June revealed that as of 18 June, just **17%** of children normally attending an early years setting had taken up their place.

2) Limits to how many children can be cared for safely

Under current government guidance, early years providers are not expected to enforce 'social distancing' (i.e. remaining a set distance apart) between individual children, or staff and children.

However, the Department for Education has advised that children attending childcare settings should be cared for in 'small groups' of ideally no more than eight (and strictly no more than 16), and that providers should minimise the interactions between these groups to reduce the potential transmission of coronavirus.

This requirement on providers to operate in a way that minimises the risk of spreading the virus means that many providers are now limited on the number of children they are able to safely care for.

Only **12%** of settings who responded to the Alliance's May survey expected to be able to open for 100% of their normal intake whenever they opted to reopen. Half of respondents expected to be able to offer places to 50% or less of children normally attending their setting.

One provider said: *"We will not be able to accept our full number of children in order to keep the children in the recommended 'bubbles'"*. Another wrote: *"We only have one room that we rent. We have 21 children who* *are key worker/vulnerable children. We do not have the space to offer places to other children. We do not have the money to rent another room, and I wouldn't have enough staff either, to split between two rooms. If social distancing continues into September, then I will have to close permanently and make my staff redundant, as I cannot financially survive with just 15 children per day."*

"We can only open to an eighth of the children we are registered for on a daily basis."

In addition, many respondents highlighted the fact that, while the government has recommended that providers use statutory ratios as defined by the Early Years Foundation Stage (EYFS) Framework as a guide to the sizes of small groups or 'bubbles' (for example, a group might consist of one practitioner and eight three- and four-year-olds), this is often not workable in practice due to the need for staff breaks to be covered, meaning that providers are likely to incur higher staff costs than usual, relative to the level of income received through fees.

One said: *"Due to the additional safety tasks related to this virus I think we need double the staff in each bubble – this is also the only way to cope with staff breaks without breaking bubbles."* Another said that the need to keep children in small groups *"means more staff on ratio than required to ensure lunch breaks, toilet breaks, supervisions are covered"*.

These restrictions on how providers can and should operate during the coronavirus pandemic have had a particular impact on those delivering wraparound care, including childminders and out-of-school providers.

Department for Education guidance states: "Children should attend just one setting wherever possible and parents should be encouraged to minimise as far as possible the number of education and childcare settings their child attends."

A number of childminder respondents highlighted that out-of-hours care is a key source of income for them, and so these restrictions are likely to have a significant impact on their financial sustainability. One said: *"My main income source is wraparound care and if restrictions around 'bubbles' prohibit me to caring for children from one 'bubble', I do not see how I can earn enough to make the business viable."*

Current departmental guidance does not prohibit childminders from picking up or dropping off children to schools or other settings – instead, it states: "Childminding settings should consider how they can work with parents to agree how best to manage any necessary journeys, for example pick-ups and drop-offs at schools, to reduce the need for a provider to travel with groups of children."

Despite this, however, there have been numerous reports of schools banning childminders from picking up and dropping off children on their premises. One childminder survey respondent said: *"I am deeply concerned that schools are insisting on no childminders dropping off or collecting. I only offer* *wraparound care and now fear that I will have to close my setting permanently as no business can operate on zero income."*

"I am not allowed to drop off and collect children from school so a large part of my business has now gone."

A Change.org petition calling on the government to issue guidance for schools and other settings stating that childminders should be allowed to drop off and collect children from schools if parents have requested this had gained more than 14,000 signatures at the time of writing.

In addition, while initial Department for Education guidance confirming that early years providers would be allowed to reopen as of 1 June stated that this applied to "wraparound childcare and clubs (before and after school and holiday care)", this was belatedly amended to state that: "This is only the case for registered providers which operate on school premises. All other out of school settings are not able to reopen."

On 23 June 2020, Prime Minister Boris Johnson announced that wraparound care would be able to reopen from the summer. However, at the time of writing, no further information on whether there would be any conditions or restrictions placed on this was available, meaning that many holiday and out-of-school providers were still left in complete confusion as to whether or not they would be able to operate, and so were unable to starting financially preparing or budgeting for the coming months.

3) Staffing issues

A number of group setting respondents cited staffing challenges as a key reason why they were either unable to reopen on 1 June, or had had to restrict the number of children they offered places to beyond what they would have done otherwise.

Some stated that their staff had voiced concerns on the impact of returning to work on their own health and, in some cases, the health of other members of their household. One respondent said: *"Some of my staff say that they cannot return to work on 1 June as they do not believe it is safe enough".*

Another said: *"We are a very small setting with only three staff, two of which have vulnerable family members so wouldn't be able to return."*

Others cited issues with staff access to childcare for their own children – for example, where staff had children who were not yet able to return to school themselves. This is likely to be further impacted by the government decision to delay plans for all primary school years to go back to school before the end of term, confirmed by education secretary Gavin Williamson on 9 June.

"The majority of my staff team have school children who are not due to return on 1 June."

Additional costs

On 7 April, the DfE published guidance advising that schools could apply for additional financial support to help with the "exceptional costs associated with coronavirus for the period of March to July", including increased premises related costs and additional cleaning costs. This support ranges from £25,000 for schools with 250 or fewer pupils, to £75,000 for those with more than 1000 pupils.

However, despite asking the early years sector, like schools, to remain partially open to critical worker and vulnerable children during the lockdown period, and in addition, to open to all children from June, the government has failed to provide any financial support to childcare providers to help cover the additional costs of operating during the coronavirus outbreak, such as PPE and additional cleaning costs.

One Alliance survey respondent commented that the £25,000 financial support being made available to small schools would be a *"life-changing"* sum of money if this support was extended to the early years sector. Another said: *"At the very least, the government should have provided funding for hand wash stations. This is costing a fortune."*

"If we are vital, why are we treated as fourth-class citizens? Give us the support you are giving schools to get through this."

"Schools have been given grants to support their cleaning costs - we have received nothing."

"I'm getting through lots of cleaning products with just one key worker's children here. When more come back, it will go through the roof."

Another wrote: *"We feel as a sector that we have been sadly forgotten about. There is much guidance for schools but not much for nurseries and the support that has been pledged to schools financially to cover cleaning materials and PPE has not been replicated for our settings. This has shown how little the government think of early years."*

Respondents also highlighted that the steps providers are required to take to adhere to current cleaning requirements often also lead to increased wage costs, as a result of staff being required to work additional hours.

One provider wrote: "*We are expected to deep clean our settings more and ensure a high standard of cleaning at the end of every day – for this to happen, I need to pay staff for extra hours that they stay to clean after the children have left ... Where am I supposed to find the money for this?"*

Premises problems

A number of providers also highlighted the challenges of operating on rented premises, and the impact that this had had on their ability to reopen at all. For example, one provider said that they had planned to reopen on 1 June but her local council, who owned the premises, was not allowing the setting to reopen. Another said: *"We operate from a village hall. The landlord is reluctant for us to use the hall."*

Many providers operating from shared premises also described the challenges that doing so was having on their ability to reopen safely, which some reported was in turn having an impact on parental demand. One said: *"We have spoken to our parents, and as we are in a scout hall, they don't want to take the risk of coming back."*

Impact of the time of year

A significant proportion of survey respondents highlighted the fact that the effects of coronavirus were being felt during the summer term, where many providers would normally have the highest occupancy levels and therefore income. This has meant that the negative impact of the pandemic on their overall finances is even greater than it otherwise would have been.

One provider said: *"This time of year is when my nursery makes the profit required to carry over into the autumn term which operates at a loss. Without any profit, I am very concerned about autumn and will have to make some staff redundant."*

Respondents additionally explained that the autumn term is often a less profitable term as many older children transition to schools. One commented: *"We are losing £1250 per week in paid fees. [We] usually use surplus from summer to help in autumn term when numbers fall because of school leavers."*

Another said: *"Financially this could ruin us. Summer term is the term where we make the money to keep open during the September to December dip in fees with children going to school and back-filling the places. We are running at a major loss and missing our children. We do not run childcare to make massive profits only to make ends meet, pay the bills and be able to afford something new for the children to enjoy occasionally."*

It should also be noted that, as of August, Job Retention Scheme support will start to be withdrawn, before being removed completely at the end of October – a change that is likely to have a significant impact on provider finances if occupancy levels are still significantly below normal.

Loss of fundraising and marketing opportunities

A number of respondents also raised the fact that the coronavirus outbreak has not only resulted in a loss of income as a result of a decline in fees, but also a loss of fundraising opportunities. One provider reported that they had lost £5,000 in fundraising while closed during the lockdown period, adding: "*While we have a high level of funded children, the charity still relies on fundraising to provide the level of staffing and care at our setting."*

"Fundraising, which is a critical element of our operation as a charity, has been impossible and will be for the foreseeable future."

Providers also highlighted the impact that lockdown restrictions had had on their ability to promote their settings to new parents.

One said: *"We have been unable to carry out any of our usual marketing activities – open afternoons, parent visits to the setting, leafletting, attending local school fairs/summer fairs etc."*

This, they said, would have a detrimental impact on their ability to enrol new children for the September term, something that many feared would already be impacted by parental concerns about whether or not it was safe for their child to attend an early years setting.

One respondent said: "*We have mainly three- and four-year-old children at the moment who will be leaving to go to school between July and September. These last few months would have been our drive for getting new children in and showing potential parents around the setting, getting settles done ready for new children to start. None of this can be done for the foreseeable future so parents are likely to put off sending children to nursery, so our income will drop dramatically."*

"Parents due to start at Easter have decided to wait until September at the earliest. We were low on numbers and running at a slight loss before this. We needed new intake."

Another said: "*[We have] no children signed up in September due to being closed for the summer term as this is our busiest time for recruiting new families. Parents are unlikely to be looking for a pre-school place in these uncertain/unsafe times. Two-thirds of our children will be starting school in September."*

Many respondents also expressed concerns that, despite the current gradual easing of lockdown restrictions, the impact of coronavirus would be likely to continue into the mid- to long-term. This was largely expected to be the result of changing working patterns – such as parents being kept on furlough until the autumn, a broader societal shift towards working from home, and higher unemployment levels more generally – which are likely to result in a fall in the general demand for childcare going forward.

"I expect there to be significant unemployment coming through within the local workforce and this will affect demand for places."

One respondent said: *"With the likelihood of a spike in unemployment when the furlough scheme is ended, less children will attend the setting."* Another anticipated that *"parents will be unable to afford childcare costs due to their personal circumstance as a result of Covid-19".*

It is also unclear how parental concerns about whether or not it is safe to place their children back into childcare may change over the coming months.

While this is likely to be largely driven by whether or not the spread of coronavirus slows, and the rate of infection decreases, over this period, it is worth noting that nearly four in 10 parents who responded to the Alliance's May survey and were not planning to take up their children place on 1 June stated that they would not be returning their child to childcare until a coronavirus vaccine has been developed, which many experts predict may not happen for a significant period of time.

40% OF PARENTS NOT TAKING UP THEIR PLACE ON 1 JUNE SAY THEY WON'T RETURN TO CHILDCARE UNTIL A VACCINE IS DEVELOPED

Covid-19 'catch-up' funding

On 19 June 2020, the Department for Education announced a £1 billion 'Covid catch-up' package to mitigate the impact of missed education time during the coronavirus lockdown on children not attending settings. The initial government announcement stated that £300m of this funding would be used for a National Tutoring Programme for the most disadvantaged young people, while £700m would be "shared across early years, schools and 16-19 providers over the 2020/21 academic year".

However, this was subsequently corrected to state that £350m would be used for the tutoring scheme, and £650m would be "shared across state primary and secondary schools over the 2020/21".

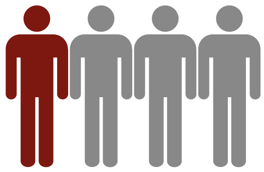
While children attending early years provision may not need to 'catch up' in an academic sense, the Alliance has argued that childcare providers should be included in this funding package to help them provide the support needed to help young children adjust back into their settings.

Commenting on the announcement at the time, Neil Leitch, chief executive of the Alliance, said: "Given that quality early years provision plays a pivotal role in children's long-term learning and development, it beggars belief that the early years sector has been excluded from this 'catch-up' package."

LACK OF GOVERNMENT SUPPORT

Transitional funding

It is clear that the combination of the aforementioned factors will have a significant impact on the ability of the early years sector to remain viable throughout the pandemic, and sustainable in the long term.



One in four providers say it is 'unlikely' they will be open in 12 months' time

25% of providers who responded to the Alliance's April survey said that it was "unlikely" that they would be open in 12 months' time, while 69% of those who responded to the Alliance's May survey said that they expect to operate at a loss over the next six months.

However, despite this, the government has yet to commit to any kind of transitional funding to help the early years sector to remain financially viable through this period of reduced parental demand and restrictions on their ability to operate as normal.

> **"We have lost 55% of our income since the onset of this crisis, with no clear vision of when or how any kind of normality will resume."**

This is despite calls from a range of bodies beyond the early years sector itself.

On 28 May 2020, the Local Government Association (LGA) called for more funding to support all early years providers for the period of the coronavirus crisis to ensure that enough childcare places will be available for families who need them.

Councillor Judith Blake, chair of the LGA's Children and Young People Board said: "Having enough childcare places will be essential to support families and get the economy moving again as emergency measures are eased. It is therefore vital that the government urgently provides additional funding at a national level to ensure early years providers can remain open."

Similarly, on 5 June 2020, the Trades Union Congress (TUC) released a report, 'Forced out: the cost of getting childcare wrong', calling for the government to "give an urgent cash injection to the childcare sector to ensure it remains sustainable".

The report stated that limits on the number of children providers are able to care for during the pandemic "will place even more financial strain on childcare providers, who were already struggling after years of underfunding".

The government has argued that it has already provided a wide range of support schemes – some sector-specific, and some more general – to help early years businesses stay afloat throughout this period.

However, 74% of respondents to the Alliance's April survey of early years providers said that the government hasn't provided enough support for early years providers during the coronavirus crisis.

It is also important to note that many of the government schemes provide limited support to early years providers – and that, in many cases, additional conditions restricting or reducing the extent to which the sector is able to benefit from said schemes were announced belatedly, severely impacting the ability of providers to plan and budget for this already difficult period.

The key examples of this are outlined below:

Coronavirus Job Retention Scheme

Early years guidance published by the Department for Education on 24 March stated:

"The Coronavirus Job Retention Scheme means that for employees who are not working but kept on payroll, the government will contribute 80% of each worker's wages of up to £2,500, backdated to 1 March 2020. **Settings can access this scheme while continuing to be paid the early entitlements funding via local authorities.**" [Emphasis added]

This assurance was reiterated by children and families minister Vicky Ford in a letter to the early years sector published on the same day, which additionally stated: "For many pre-schools and nurseries we know that staffing is their largest expense, so this will make a significant contribution to help manage their outgoings."

In the weeks following, providers and sector organisations repeatedly sought confirmation that this guidance was accurate and that the sector could benefit from both schemes, and the Department repeatedly directed them back to the above guidance.

However, on 17 April, just three days before the Job Retention Scheme portal opened, the Department for Education published new guidance which stated that providers who receive early entitlement funding would only be able to claim Job Retention Scheme support on the same proportion of the wage bill "which could be considered to have been paid for from that provider's private income".

The children and families minister argued in an Education Select Committee meeting on 22 April that the guidance on this issue had been clear. However, the original guidance was subsequently amended to read: "The Coronavirus Job Retention Scheme means that for employees who are not working but kept on payroll, the government will contribute 80% of each worker's wages of up to £2,500, backdated to 1 March 2020. **Further guidance provides details on how early years providers with a mixture of public and private funding should access the scheme.**" [Emphasis added]

75% of respondents to the Alliance's April survey stated that they had been under the understanding that they would be able to access full support from both schemes, and 71% had already furloughed staff.

One provider said: *"I will have to reconsider what I now do as all the goalposts have changed. We made decisions on the original guidance that you could furlough all staff unconditionally at 80%. This now represents a very different situation."*

Another highlighted the fact that many local authorities, as well as providers, had understood that settings could access both schemes unconditionally, commenting: *"We initially thought we were not entitled to both sets of government funding; however, when I asked our local authority, we were informed otherwise and therefore took the decision to furlough staff."*

"My staff were furloughed at the very last minute (5pm on Friday 17 April), while I awaited clear, definitive advice on whether I could access both schemes. The clarification came too late. I promised my staff 100% of their wages."

A number of survey respondents stressed that they were not looking to financially gain by accessing both schemes but simply to stay afloat.

One respondent commented: *"I am really shocked as I expected to get both, not to 'make profit', but just to pay my bills until we reopen."*

Another said: "*I understand we should not be able to profit from the Job Retention Scheme but as you can appreciate being closed and not being able to promote ourselves, we are already witnessing a loss of income for our summer term."*

As a result of the last-minute change, 37% of respondents to the Alliance's April survey said that they might have to retract offers to top up staff wages to 100%. One said: *"We really wanted to be able to top our staff wages up to 100%, but the new guidance will mean that will not happen."*

Others stated that they would still be topping up staff wages, but that doing so would have a detrimental impact on their financial sustainability.

For example, one respondent said: *"I have furloughed all staff and committed to topping up to 100% pay. I spent a long time and created a robust spreadsheet that informed me of what I was able to pay staff ... I made those offers before 17 April. Since the new guidelines, I have no option but to take the financial hit."*

"If the current U-turn is not revoked, I will be forced to make my employee redundant as I do not have the funds to self-fund her during this crisis."

Nearly half (47%) of respondents said they may have to make staff redundant as the result of the change, while around a fifth (22%) said that the move could contribute to their setting's closure.

One provider said: *"We will find it difficult to pay for the rent and other monthly commitments due to the changes in the staff retention scheme that we can claim."*

Another commented: *"I rely heavily on parental fees to pay staff and all overheads and the government reducing furlough will have a major impact whether the setting will get through until September."*

Early entitlement funding

On 17 March, the Department for Education announced that all providers receiving early entitlement funding for two-, three- and four-year-olds could continue to receive this funding for children no longer attend the setting.

Education secretary Gavin Williamson said at the time: "We will continue to pay for all free early years entitlements places, even in the event that settings are closed on the advice of Public Health England, or children are not able to attend due to coronavirus, and we will not be asking for funding back from local authorities."

In addition, the Department said that it was its 'expectation' that "local authorities should follow its position and continue to pass on the government funding it receives for these entitlements to providers".

However, on 22 April, the Department for Education updated its early years guidance to state that "local authorities can use their free entitlement funding differently, redistributing it – in exceptional cases and in a clearly focussed and targeted way – in order to secure childcare for the children of critical workers and for vulnerable children, where their usual arrangements are no longer possible".

A number of survey respondents expressed their concern at the impact of this late change. One commented: *"It is unfair to redistribute funding entitlement when we were told we could rely on it and have budgeted accordingly."* Another said: *"We've already had to set a huge deficit budget for the next year. If our funding is redistributed, we will certainly shut"*, while another respondent commented: *"If funding is redistributed by the council from our setting, it is likely we will close especially if numbers enrolling do not pick up once restrictions are lifted."*

"Local authorities should not be able to redistribute funding after saying settings will continue to be funded."

The DfE has said that: "Any setting which sees their early entitlement funding reduced in order to fund childcare places elsewhere will be able to increase the proportion of their salary bill eligible for the Coronavirus Job Retention Scheme in line with the Department's guidance on access to the scheme."

However, because the Job Retention Scheme is restricted to settings' wage bills and capped at 80%, settings in this position will still find themselves losing out financially.

Business grants

Early years settings who are in receipt of small business rate relief (i.e. those whose properties have a rateable value of less than £15,000) or rural rate relief are currently able to benefit from Small Business Grant funding of £10,000.

However, the fact that this eligibility criteria is based on rate relief means that many childcare providers who would otherwise be considered 'small businesses' are not eligible for this financial support – for example, providers who rent their premises or are based in premises that have no rateable value.

One provider commented: "*We work from a church hall and hence have no business rate to pay as such (within the rent that we pay) but we need still financial assistance to remain open.*"

Another said: *"We are really disappointed that we cannot access the Small Business Grant because we rent our premises. No other help is available for us at this point. We might have to close."*

"We may not pay rates but we pay rent - [the] £10,000 grant should be for all."

In addition, while eligible businesses in the retail, hospitality and leisure sectors with a rateable value of between £15,000 and £51,000 are able to receive a £25,000 grant (the Retail, Hospitality and Leisure Grant Fund) from government, there is no equivalent support for childcare businesses on premises with the same rateable value.

Commenting on this discrepancy, one provider said: *"They should provide a grant at least equal to the retail, hospitality and leisure grant of £25k and given the critical nature of nurseries in providing childcare to staff who can then work elsewhere, the grant should be significantly in excess of £25k."*

Another said: *"Early years have been terribly penalised. If your rateable value is above £15k, you don't get the £10k or £25k grants. It's crazy and disgusting that only leisure, retail and hospitality get the £25k. Clearly we are far less important."*

"We don't understand why retail, hospitality and leisure have been treated so much better than early years, when we are an essential service."

Initial Department for Education guidance also suggested that providers in receipt of charitable status relief would be eligible for the Small Business Grant, stating: "Nurseries in receipt of small business rate relief or rural rate relief will benefit from small business grant funding of £10,000. This includes nurseries who are eligible for a charitable status relief – who will also pay no business rates at all in 2020 to 2021."

However, this was amended in May to state that: "... nurseries in receipt of small business rate relief or rural rate relief will benefit from small business grant funding of £10,000 ... nurseries, which were already eligible for a charitable status relief, will also pay no business rates at all in 2020 to 2021".

In June, this guidance was again reworded to state explicitly that “nurseries in receipt of small business rate relief or rural rate relief will benefit from small business grant funding of £10,000 (note that nurseries which are eligible for charitable status relief are not eligible for small business grant funding).”

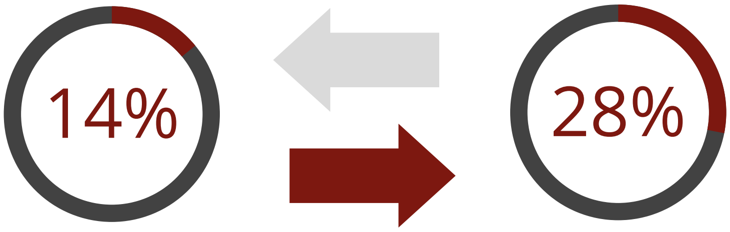
Many charitable settings who had thought that they would be able to benefit from the Small Business Grant based on the original Department for Education expressed concern about the impact of this late change.

“When the decision was changed to not allow charities to access the Small Business Grant of £10,000 … we realised we wouldn't be able to weather this.”

One wrote: *“As a charity pre-school, we have been unable to access the business grant despite [the] original guidance saying that we could. We had already made business plans based on the original information.”*

Another commented: *“Without further government help i.e. [the] Small Business Grant, which originally we qualified for but then the wording changed and now apparently we don't, then we will have to close.”*

It should be noted that only **14%** of providers who responded to the Alliance’s April survey said that they were accessing or planning to access Small Business Grant funding, whereas **28%** said they would like to access this support but aren’t eligible for it.



Twice as many respondents wanted, but were unable, to access the Small Business Grant as were eligible for it

Local Authority Discretionary Grants Fund

The government has provided £617m of discretionary ‘top-up’ funding for small businesses who aren’t eligible for the Small Business Grant (or the Retail, Hospitality and Leisure Grant Fund). However, childcare providers are not explicitly named on the list of businesses (such as market traders, and bed and breakfasts) that government has recommended local authorities should prioritise when allocating this funding.

Some survey respondents also highlighted a lack of awareness about the scheme among local authorities. One said: *“We have asked [our local authority] about the discretionary funds and they don’t know anything about it.”*

Self-Employed Income Support Scheme

While the Self-employed Income Support Scheme offers some welcome support to self-employed childminders during this time, many childminder respondents to the Alliance's provider surveys argued that the decision to calculate this support based on profits rather than income means that for childminders, many of whom have made little profit over recent years, the financial support offered by the scheme will be minimal.

One respondent commented: *"The Self-employed Income Support Scheme should reflect our actual loss of income and not be based on profits from previous years, which don't acutely represent the current income loses."*

Another said: *"[It's] 80% of income, not profits. We have premises to pay for which have many outgoings and some childminders are single parents with no other income."*

In addition, all self-employed individuals are required to have filed a tax return for self-employed earnings in 2018/19 to be able to apply for the scheme. However, this means that newly self-employed childminders, who fall outside of the eligibility criteria, will receive no support at all from the scheme.

Many such childminders also highlighted that the support they are able to receive via Universal Credit is extremely limited, due to their partner's income or current savings. This means that many are facing the prospect of little to no support from government at all during this period.

One such childminder said: *"I have had no support at all as my business is only about a year old. No Universal Credit either as my husband works. Offering a loan when already in debt to set up is not practical."*

Another commented: *"I am newly self-employed and fall into that group that got no financial support from the government during the outbreak. I was unable to get anything via Universal Credit ... This has been tough and I feel this is unfair to penalise new businesses."*

"Just feel that childminders have been ignored. Not all childminders are entitled to the self-employed help so that will leave hundreds of people with no income."

"As a fairly new childminder I do not fall under the self-employed assistance. We are starting to struggle to pay bills."

CONCLUSION

It is clear that the coronavirus outbreak has the potential to have a long-lasting and devastating impact on the early years sector in England.

Early years providers working hard to deliver safe, positive learning environments for young children during a global pandemic, alongside those who have taken the decision not to reopen as yet, and those who have not had the option to do so, must be adequately supported to stay afloat during this exceptionally challenging period.

It is the Alliance's view that childcare providers should not and cannot simply be lumped in with other businesses when it comes to the allocation of government support. Early years settings are a vital part of our societal infrastructure, and should benefit from the same respect, consideration and support – both financial and practical – as is granted to schools. So far, however, this has not been the case.

The next few months are likely to be critical in determining the long-term viability of the early years sector. With many providers seeing a significant fall in income during the summer term – a period of normally high occupancy – and huge uncertainty over how many children will be attending childcare settings from September onwards, failure by government to act now could result in the avoidable closure of nurseries, pre-schools and childminders across the country.

There is, however, no quick fix. What the 'new normal' will look like as we start to eventually emerge from the coronavirus crisis remains to be seen. High unemployment, increased home-working and a residual reluctance from some parents to return their children to childcare while any risk of infection remains is likely to have a prolonged impact on the sector.

The early years sector did not come into this crisis a buoyant, thriving market. Years of sustained government underfunding in the face of rapidly-rising business costs have left many childcare providers already struggling to remain financially viable.

It is no exaggeration to say that without adequate, and urgent, government support, we are likely to see the closure of many thousands of early years settings over the next year.

As such, we urge the government to act on our recommendations (see page 8) and take the necessary steps to ensure the continued survival of early years providers. Failure to do so will not only have a devastating impact on the childcare sector, but on the ability of hundreds of thousands of parents to return to work and in turn, the recovery of the economy as a whole.

“The lack of financial support has almost broken me.”

“We realise that early years providers are not a compulsory part of the education system but it has been very clear from early on to us all that we have been an afterthought.”

“I feel abandoned, unsupported, undervalued and disrespected by the way we have been treated by the government.”

“If there were one good thing to come from Covid-19, it will be for the government to survey and visit early years [providers] to review its policy. It needs to decide if we are educational in which case … treat us the same as it treats schools: proper funding, proper respect and consideration - not an afterthought.”

APPENDIX: FULL SURVEY RESULTS

The Alliance's April online survey of provider experiences during lockdown received 3,167 responses.

How would you describe your provision? Please choose the closest option.
Pre-school: 50%
Nursery: 34%
Childminder: 11%
Out-of-hours club: 1%
Primary school nursery class: 0.4%
Maintained nursery school: 0.1%
Specialist provision: 0.1%
Other: 3%

Are you / your setting currently open to key worker and/or vulnerable children?
Yes, we are currently open to key worker children and/or vulnerable children: 32%
No, we are temporarily closed: 67%
No, we have closed our doors permanently: 1%

[If currently open] Assuming the current requirement on childcare providers to remain partially closed continues, how likely do you think it is that you will still be open to key worker children and/or vulnerable children in 4 weeks' time?
Very likely: 58%
Somewhat likely: 34%
Somewhat unlikely: 6%
Very unlikely: 3%

[If unlikely] Why do you think it is unlikely that you will be open in 4 weeks' time? Please select all that apply.
Unlikely to be financially viable to stay open: 73%
New limits on support for furloughing staff for providers delivering funded places: 48%
Unlikely to have enough demand for places for key worker children and/or vulnerable children: 35%
Unlikely to have enough staff due to sickness or self-isolation (for group settings): 6%
Don't feel able to keep staff safe (for group settings) / myself safe (for childminders): 6%
Unlikely to have enough staff for other reasons: 5%
The possibility of me or family members being ill or self-isolating (for childminders): 4%
Don't feel able to keep children safe: 2%
Other: 7%

[If temporarily closed] Why did your setting take the decision to close temporarily? Please select all that apply.

Not enough demand for places for key worker children and/or vulnerable children: 77%
Not financially viable to stay open: 31%
Didn't feel able to keep staff safe (for group settings) / myself safe (for childminders): 18%
Not enough staff due to sickness or self-isolation (for group settings): 17%
Didn't feel able to keep children safe: 11%
Not enough staff for other reasons: 4%
Not able to operate due to me or family members being ill or self-isolating (for childminders): 3%
Other: 16%

Which of the following financial support schemes are you/your setting accessing or planning to access? Please select all that apply.

Continuation of 'free entitlement' funding for children not attending the setting: 91%
Coronavirus Job Retention Scheme (the ability to furlough staff with 80% of wages paid by government): 64%
Business rates holiday for the financial year 2020/21: 22%
Self-employment Income Support Scheme (grants for up to 80% of profits for the self-employed): 14%
Small business grant funding (grants of £10,000 for settings in receipt of small business rate relief or rural rate relief): 14%
Business Interruption Loan Scheme: 3%
None of the above: 2%
Other (please specify): 6%

Are any of the sources of financial support listed below schemes that you/your setting would like to benefit from, but can't? Please select all that apply.

Coronavirus Job Retention Scheme (the ability to furlough staff with 80% of wages paid by government): 35%
Small business grant funding (grants of £10,000 for settings in receipt of small business rate relief or rural rate relief): 28%
Continuation of 'free entitlement' funding for children not attending the setting: 12%
Self-employment Income Support Scheme (grants for up to 80% of profits for the self-employed): 9%
Business Interruption Loan Scheme: 9%
Business rates holiday for the financial year 2020/21: 7%
None of the above: 33%
Other: 8%

When your setting or provision was fully open, approximately what percentage of the children you cared for received 'free entitlement' funding for two-, three- or four-year-olds?

None: 4%
1-10%: 5%
11-20%: 5%
21-30%: 8%
31-40%: 8%
41%-50%: 11%
51%-60%: 10%
61%-70%: 11%
71-80%: 17%
81-90%: 12%
91-99%: 8%
100%: 2%

On Friday 17 April, the Department for Education released guidance stating that providers receiving 'free entitlement' funding would be limited on how much support they can receive through the Job Retention Scheme. Before this guidance was released, what was your understanding of the support providers would be receiving?

I had thought that relevant providers would be able to fully benefit from both schemes: 75%
I had thought that relevant providers would able to access both schemes but that there would be additional limits or conditions: 15%
I had thought that providers receiving 'free entitlement' funding' wouldn't be able to furlough staff: 8%
Other: 1%
I don't know what this refers to: 1%

If you are eligible for the Coronavirus Job Retention Scheme, had your setting furloughed any staff ahead of Friday 17 April?

Yes, I/we had furloughed staff already: 71%
Not yet, but staff had been informed they were going to be furloughed: 11%
Not yet, but there were plans to furlough staff at some point: 5%
No, I/we were still considering whether or not to furlough staff: 6%
No, there were no plans to furlough staff: 6%
Don't know / Unsure: 2%

What impact will the new guidance have on your setting's furloughing plans? Please select all that apply.

I / We may need to make staff redundant: 47%
I / We may need to retract offers to top up staff wages to 100%: 37%
I / We may need to close permanently: 22%
I /We many need to retract offers to waive or reduce parent fees: 21%
I / We may need to retract offers to top up staff wages more than 80% but less than 100%: 16%
I / We may need to close temporarily during the coronavirus crisis: 14%
It will have no impact: 10%
Other: 13%

How would you describe the financial impact that the coronavirus outbreak has had on your setting or provision so far? Please explain your answer.

Very negative: 48%
Somewhat negative: 41%
Neither negative or positive: 10%
Somewhat positive: 1%
Very positive: 0%

Which of the following statements most matches your view on the support that government has provided for early year providers during the coronavirus so far?

The government has provided more than enough financial support for early years providers: 2%
The government has provided enough financial support for early years providers: 25%
The government hasn't provided enough support for early years providers: 74%

How likely do you think it is that your setting or provision will still be operating this time next year?

Very likely: 24%
Somewhat likely: 49%
Somewhat unlikely: 19%
Very unlikely: 6%
We have already confirmed we will be closing permanently: 0.4%

The Alliance's May online survey of provider views about reopening plans received 6,300 responses.

How would you describe your provision? Please choose the closest option.
Pre-school: 39%
Nursery: 16%
Childminder: 41%
Out-of-hours club:1%
Primary school nursery class: 1%
Maintained nursery school: 0%
Specialist provision: 0%
Other: 2%

[Group settings] Are you currently open to key worker and/or vulnerable children?
Yes: 27%
No, we are temporarily closed: 73%
No, we have closed permanently: 1%

[Childminders] Are you currently open?
Yes, to key worker and/or vulnerable children: 49%
Yes, to children from a single family: 3%
No, I am temporarily closed: 47%
No, I have closed permanently: 0%

If government plans for early years providers to reopen more widely on 1 June go ahead, do you expect your setting to do so?
Yes, definitely: 34%
Yes, probably: 31%
No, probably not: 11%
No, definitely not: 10%
Still undecided: 15%

[If NOT expecting to open on 1 June] Why is this? Please select all that apply.

Don't feel it's safe for children: 62%
Don't feel it's safe for parents: 42%
Don't feel it's safe for staff/myself: 56%
Don't feel it is safe for staff families / my own family: 64%
Worried that it will result in the wider transmission of coronavirus in the local community: 54%
Not enough staff available: 17%
Unable to use our normal premises: 7%
Not financially sustainable to open: 30%
Not enough time to prepare: 22%
Other: 20%

[If NOT expecting to open on 1 June] When do you expect your setting to reopen (even if this is not fully confirmed)?

During the month of June (but later than 1 June): 12%
During the month of July: 20%
During the month of August: 5%
During the month of September: 42%
During the month of October: 0%
During the month of November: 0%
During the month of December: 0%
During the month of January 2021: 0%
February 2021 or later: 0%
I/We will be closing permanently: 1%
I/We have no idea yet: 18%

The following questions were asked of all respondents

Do you know how many children you will be able to safely care for when you do reopen?

Yes, I/we have an accurate number: 25%
Yes, I/we have a rough number: 51%
No, I/we don't know yet: 23%

Roughly what proportion of your normal intake to you expect to be able to offer places to in total when you do reopen?
Up to 10%: 7%
11-20%: 8%
21-30%: 14%
31-40%: 11%
41-50%: 20%
51-60%: 10%
61-70%: 5%
71-80%: 8%
81-90%: 5%
91-99%: 2%
100%: 12%

Do you know how many parents are planning to send children back to your provision when you reopen?
Yes, I/we have confirmed numbers: 22%
Yes, I/we have a rough idea: 43%
Not yet, but I am / we are in the process of finding out: 27%
No, I/we don't know: 8%

Do you expect the demand for places to:
Be more than number of children that you will be able to care for: 11%
Be around the same as the number of children that you will be able to care for: 27%
Be less than the number of children you will be able to care for: 50%
Don't know: 11%

[Providers expecting more demand than places] How are you planning to prioritise places? Please select all that apply.
Prioritising places for older children: 49%
Prioritising places for younger children: 10%
Prioritising places for children of key workers: 73%
Prioritising places for vulnerable children: 62%
Prioritising places for children whose parents are working: 30%
Prioritising places for children whose parents are working and cannot work from home: 39%
Other: 11%

The following questions were asked of all providers

On a scale of 1-10, how would you rate the usefulness of the guidance that the government has produced so far on operating during the coronavirus outbreak?

Average rating: 4.6

Has your local authority confirmed whether or not you will still receive funding for funded children whose parents opt not to return them to you once you are open?

Yes, they have confirmed we will still receive funding for children not attending: 48%
Yes, they have confirmed we won't receive funding for children not attending: 1%
No, they have not confirmed this yet: 38%
N/A - no places currently offered to funded children: 13%

Over the next six months, do you expect to:

Operate at a loss: 69%
Break even: 26%
Operate at a profit: 4%

What additional support, if any, would you like the government to provide to support early years providers generally to reopen?

Clearer government guidance on operating safely: 70%
More information on the science underpinning the decision to reopen: 57%
Financial support for coronavirus-related operating costs, such as cleaning: 63%
Guarantee of continuation of early entitlement funding for children not attending: 67%
Transitional funding to cover loss of income from reduced occupancy: 58%
Full access to furlough funding alongside early entitlement funding: 41%
Support accessing hygiene supplies, such as handwash: 56%
Support accessing PPE: 51%
None – current support is sufficient: 2%
Other (please specify): 3%

The Alliance's May online survey of parent views about reopening plans received 4,490 responses.

Has your child accessed formal childcare during the lockdown?
No: 94%
Yes, I am / my partner is a key worker: 6%
Yes, my child is considered to be a vulnerable child: 1%

What type of childcare setting does your child normally attend / will your child attend?
Private or voluntary nursery or pre-school: 76%
Local authority-run nursery school: 9%
Childminder: 4%
Primary school nursery class: 4%
Specialist provision: 0%
Out-of-hours club: 0%
Unsure: 1%
Other (please specify): 0%
My child attends/will attend more than one type of childcare setting: 4%
Other: 1%

[Parents accessing more than one provider only] What combination of childcare settings does your child attend?
Nursery / pre-school and a childminder: 66%
Nursery / pre-school and an out-of-hour club: 5%
Childminder and an out-of-hours club: 0%
Local authority-run nursery school and a childminder: 2%
Local authority-run nursery school and an out-of-hours club: 1%
Primary school nursery class and a childminder: 1%
Primary school nursery class and an out-of-hours club: 1%
Specialist provision and a childminder: 0%
Specialist provision and an out-of-hours club: 0%
Unsure: 2%
Other: 22%

[Parents accessing more than one provider only] If you are able to, do you still intend to use more than one childcare provider once settings are able to reopen?
Yes: 60%
No: 40%

Has your childcare provider confirmed whether or not they will be reopening (to non-key worker / non-vulnerable children) on 1 June?

Yes, they have confirmed they will be reopening on 1 June: 48%
Yes, they have confirmed they will be reopening shortly after 1 June: 7%
Yes, they have confirmed that they will not be reopening on 1 June: 3%
They have said that they are still deciding whether or not they will be reopening on 1 June: 33%
They have confirmed they will be opening at a later date (e.g. September): 2%
I have not yet heard from my childcare setting: 6%

[Parents whose providers have confirmed they are reopening on or shortly after 1 June] Are you planning to take up your child's place once your childcare setting has reopened?

Yes, definitely: 30%
Yes, probably: 15%
No, probably not: 16%
No, definitely not: 26%
I am still completely undecided: 13%

[If not planning to take up childcare place] What are the main reasons for this? Please select all that apply.

I do not think it's safe for my child: 74%
I do not think it's safe for my wider family: 63%
I do not think it's safe for the wider local community: 45%
I do not think it's safe for the staff at our childcare setting / our childminder: 58%
I am able to look after my child from home: 52%
I have another child whose school or setting is not reopening: 17%
I do not feel that attending the childcare setting benefits my child: 11%
Other: 11%

What would need to happen for you to take up your childcare place? Please select all that apply.

More clarity from my childcare setting on how they will keep children safe: 17%
More information from the government on the science underpinning the decision to reopen: 58%
A sustained fall in the number of coronavirus cases across the country: 79%
A sustained fall in the number of coronavirus cases in the local area: 55%
The development of a coronavirus vaccine: 40%
Required to return to work: 16%
No longer able to work from home: 12%
Other child/children able to return to their school or setting: 12%
I will not be returning my child back to their childcare setting in any circumstances: 4%
Other: 7%

[If planning to take up their childcare place] What are the main reasons for this? Please select all that apply.

Unable to work from home: 23%
Can work from home but finding it difficult to balance work and childcare: 35%
Feel that returning to childcare will benefit my child's learning: 64%
Feel that returning to childcare will benefit my child socially: 70%
Feel that settling-in / resettling-in will be harder if my child returns at a later date: 37%
Other: 10%

If you are able to, will you take up the same number of hours per week as you previously did?

Yes, I plan to take up the same number of hours: 67%
No, I plan to take up more hours than I previously did: 4%
No, I plan to take up less hours than I previously did: 21%
Undecided: 8%

[Parents whose provider has confirmed they are NOT opening on or shortly after 1 June] If your childcare setting had confirmed they were reopening from 1 June, would you have taken up your child's place from this date?

Yes, definitely: 17%
Yes, probably: 12%
No, probably not: 19%
No, definitely not: 41%
Undecided: 11%

[Parents who WOULDN'T have taken up their place if their provider had confirmed plans to open on or shortly after 1 June] What are the main reasons for this? Please select all that apply.

I do not think it's safe for my child: 77%
I do not think it's safe for my wider family: 68%
I do not think it's safe for the wider local community: 55%
I do not think it's safe for the staff at our childcare setting / our childminder: 70%
I am able to look after my child from home: 50%
I have another child whose school or setting is not reopening: 18%
I do not feel that attending the childcare setting benefits my child: 2%
Other: 9%

[Parents who WOULDN'T have taken up their place if their provider had confirmed plans to open on or shortly after 1 June] What would need to happen for you to return your child to their childcare setting? Please select all that apply.

More clarity from my childcare setting on how they will keep children safe: 24%
More information from the government on the science underpinning the decision to reopen: 57%
A sustained fall in the number of coronavirus cases across the country: 83%
A sustained fall in the number of coronavirus cases in the local area: 60%
The development of a coronavirus vaccine: 39%
Required to return to work: 11%
No longer able to work from home: 15%
Other child/children able to return to their school or setting: 6%
I will not be returning my child back to their childcare setting in any circumstances: 3%
Other (please specify): 1%

[Parents who WOULD have taken up their place if their provider had confirmed plans to open on or shortly after 1 June] What are the main reasons for this? Please select all that apply

Unable to work from home: 22%
Can work from home but finding it difficult to balance work and childcare: 33%
Feel that returning to childcare will benefit my child's learning: 68%
Feel that returning to childcare will benefit my child socially: 70%
Feel that settling-in / resettling-in will be harder if my child returns at a later date: 50%
Other: 10%

[Parents who WOULD have taken up their place if their provider had confirmed plans to open on or shortly after 1 June] Are you planning to look for another childcare setting for 1 June?

Yes, I have found an alternative childcare setting for my child to attend: 5%
Yes, I am looking for an alternative childcare setting for my child to attend: 10%
No, I am going to wait until my current childcare setting reopens: 78%
Undecided: 7%

[Parents who still do not know if their provider will open on or shortly after 1 June] If your childcare setting confirms they are reopening on 1 June, will you take up your child's place from this date?

Yes, definitely: 21%
Yes, probably: 15%
No, probably not: 19%
No, definitely not: 30%
I am completely undecided: 15%

[Parents who still do not know if their provider will open on or shortly after 1 June, but WOULDN'T take up a place if available] What are the main reasons for this? Please select all that apply.

I do not think it's safe for my child: 74%
I do not think it's safe for my wider family: 61%
I do not think it's safe for the wider local community: 43%
I do not think it's safe for the staff at our childcare setting / our childminder: 59%
I am able to look after my child from home: 51%
I have another child whose school or setting is not reopening: 18%
I do not feel that attending the childcare setting benefits my child: 9%
Other: 11%

[Parents who still do not know if their provider will open on or shortly after 1 June, but WOULDN'T take up a place if available] What would need to happen for you to return your child to their childcare setting? Please select all that apply.

More clarity from my childcare setting on how they will keep children safe: 28%
More information from the government on the science underpinning the decision to reopen childcare settings: 61%
A sustained fall in the number of coronavirus cases across the country: 74%
A sustained fall in the number of coronavirus cases in the local area: 54%
The development of a coronavirus vaccine: 39%
Required to return to work: 14%
No longer able to work from home: 13%
Other child/children able to return to their school or setting: 11%
I will not be returning my child back to their childcare setting in any circumstances: 4%
Other: 6%

[Parents who still do not know if their provider will open on or shortly after 1 June, but WOULD take up a place if available] What are the main reasons for this? Please select all that apply.

Unable to work from home :20%
Can work from home but finding it difficult to balance work and childcare: 28%
Feel that returning to childcare will benefit my child's learning: 65%
Feel that returning to childcare will benefit my child socially: 72%
Feel that settling-in / resettling-in will be harder if my child returns at a later date: 39%
Other: 11%

On a scale of 1-10, how clear do you think the government has been on the rationale behind the decision to reopen childcare settings?

Average rating: 3.8

How old is your child?

Under 1: 1%

1: 6%

2: 18%

3: 40%

4: 35%

Does your child currently take up any of the government's funded entitlement offers (even if they don't take up all the hours they are eligible for)?

Yes, the 30 hours offer for three- and four-year-olds: 38%

Yes, the 15 hours offer for three- and four-year olds: 39%

Yes, the 15 hours offer for two-year-olds: 4%

No: 19%

Do you consider your child to have any of the following:

Special educational needs: 4%

Disabilities: 1%

Special education needs AND disabilities: 1%

Neither: 94%