

28 May 2020

The Rt Hon Rishi Sunak MP
House of Commons
London
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Dear Chancellor,

Supporting Early Education and Childcare Providers through Covid-19

We are writing to you as leaders of representative organisations who work with a range of childcare and early years providers including pre-schools, maintained nursery schools, childminders and nurseries. As childcare settings prepare to support working families and the educational outcomes of our youngest children by delivering more early education and childcare places we want to share the ongoing concerns of the sector.

The Coronavirus Job Retention Scheme & Self-employed Income Support Scheme

As representative bodies we welcomed the two schemes which will help childcare providers whether they are private, third sector or self-employed. However, there are still concerns that our members have.

Since the Government announced that settings could open to all children under five, many nurseries, childminders and other providers with employees have been making plans to be ready to return from 01 June or shortly after. However, we are aware that the CJRS will continue as it currently exists, without additional flexibility until the end of July before moving to a different model with some flexibility to let furloughed staff work on a part-time basis. Overall, the scheme is extremely helpful for the sector and the additional ability to allow staff to work part-time a positive improvement but it will be critical that this flexibility allows business like childcare to respond to what is likely to be daily changes in the number of children they are caring as far fewer children attend than under normal circumstances. Many of our members are also unsure whether demand will have recovered by October, when the scheme is due to end. We would urge you to plan for a gradual reduction in furlough support, rather than an absolute cut off point.

The Self-employed Income Support Scheme has helped many self-employed people but our evidence is clear that many registered childminders have not received much needed support. Most do not make a profit so were ineligible to apply as were many newly registered childminders. We remain extremely concerned that this highly flexible, quality childcare provision is at significant risk because of this. Married with the fact that most childminders do not deliver funded early education (so have also not benefited from this government support either) means many have had nothing but benefits to rely on since March. Again our evidence indicates most childminders are not expecting to see their usual

number of children attend until September. We would ask that the current SEISS is not only extended until October but is adapted to better support the many 1000s of childminders who are on low-incomes and unable to benefit currently. Furthermore that funding is identified for new start-up businesses, like registered childminding, so that the high upfront investment in establishing your service is supported. The current business loans are not available to most childminders and, even if they are, most are fearful of taking on debt, especially when they know they are likely to only earn a low income. If this action is not taken, we are at risk of losing a significant cohort of new childminders, accelerating the already significant decline in the number of childminding settings that currently provide c250,000 quality childcare places for families.

A Transformation and Recovery Fund for Early Years

Coronavirus has hit early years and childcare providers in the private, voluntary and maintained sectors particularly hard because they rely on parental income as well as government funding to remain viable. We know that parents have been facing tough times as well with many furloughed or losing income as a result of the lockdown conditions.

However, we are now looking at a new normal. In meetings with the Government's independent scientific advisors they have been clear that Coronavirus could be here for a long time and that there is no such thing as 'zero risk'. So, for early years and childcare settings to re-opening or accept more children back, they will need to make significant changes to their daily operating environment to minimise that risk.

Our members know that additional measures need to be in place to keep children, staff, themselves and their families as safe as possible and are taking these steps accordingly. Examples we have seen have included installing additional sinks, partitions and changing stations, stepping up infection control measures, buying in more equipment and cleaning settings and furnishings. Costs for the types of PPE childcare providers have always needed, the extra PPE for reported cases and hand sanitiser have all increased dramatically as demand for them goes up. Costs covered for schools through additional Department for Education (DfE) funding but not for early years and childcare settings. Staff costs will also increase to manage the requirements of working in "bubbles", which reduces the flexibility to maximise occupancy and use staff flexibly.

At the same time, our members do not expect to see the same demand for childcare places as there was before the outbreak. Parents may have lost jobs or have reduced incomes, some may be shielding and other worried about the risks of returning. More families worried about their finances are likely to rely on just the early education funded places that government provides. We welcomed the DfE's pledge to maintain payments for funded childcare, whilst settings were required to close but we need that commitment to continue over the coming months of reduced capacity. Furthermore for the fees to be increased to take account of the increasing costs faced by providers despite reduced income from parent-paid fees and to rectify historic levels of past underfunding. With settings re-opening in the next few days, there remain so many outstanding issues with this funding – will

settings who decide to remain closed e.g. because they are shielding still receive this funding? Will settings open but without funded children in attendance (as parents have decided not to return) still receive this funding? Urgent clarity on the future of this funding support is needed; to do nothing more is reckless and risks further childcare setting closures

Given all this, we are therefore underlining once again the case we set out in our joint letter to you of 29 April, calling for a transformation and recovery fund for early years. This will support those providers to make changes they need to be able to deliver much needed childcare and early education in a new operating environment, while helping ensure businesses can remain viable in the long run against a backdrop of reduced demand. This will mean providers can better care for the children who come back from June while ensuring there will still be adequate provision for working families planning to return in the future.

Insurance

Members have told us that they remain concerned about the level of cover they will receive if there is a second wave of the virus or local lockdowns mean they have to close again. All early years providers that had cover have now seen Covid-19 based communicable diseases expressly removed from new and renewed policies from April this year. We are therefore asking what consideration has been given for a Government backed pandemic insurance scheme to protect those for whom business interruption cover is not available or if it is offered in the future is completely unaffordable.

In addition, there are concerns about public and employer's liability insurance cover. We are aware that some insurance providers have recently announced that people will be covered but has the Government received assurances directly from insurance providers, or via the Association of British Insurers that this will apply across all insurance provision. Childcare providers will have to manage a lot of risk and many are likely to see cases in their settings, they fear being accused of being the source of infections and the risk of being sued by parents.

Grants for Schools

We have seen recent announcements of additional support of up to £25,000 for small schools, and more for larger sites, to assist with the additional cleaning and hygiene costs associated with Covid-19. We don't doubt that schools will find these costs hard to meet from existing budgets. However, early years providers, regardless of size or type, will also be facing these extra costs, but are not eligible for extra support. At present very few are eligible for the £10,000 small business grants and are excluded from the £25,000 Retail, Hospitality and Leisure grant from local authorities.

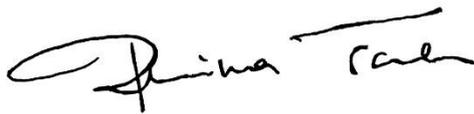
These grants also only apply to those who pay business rates. While some childcare and early years providers have been eligible for business rates relief, maintained nursery schools are not because they are part of the local authority and most childminders are ineligible as they operate from home. Yet, they have not been treated the same as other schools, and

are not eligible to claim for their additional COVID-19 related costs. Ensuring that they, along with all other providers, receive help towards these additional costs will be vital to ensure their continued viability.

We believe that for the future sustainability of high quality early years and childcare provision in England providers need support from the Government now in these key areas. We have made ourselves available to meet with you and members of your team and continue to support the Department for Education's objectives of meeting current need for emergency childcare but also a sustainable future childcare market. We remain concerned that childcare and early years provision remains an add-on and that wrongly the primary focus remains on schools. Providers are going out of business now due to this crisis and a lack of childcare provision will damage the economic recovery, limit working families' options and, of course, harm the educational development of our youngest children.

We look forward to your response.

Yours sincerely,



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