

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

March 30th 2020

PACEY¹ welcomes the opportunity to submit further evidence to the Treasury Select Committee during these unprecedented times.

We wrote to you on March 23rd outlining the need for urgent financial help for the tens of thousands of childcare providers, including self-employed childminders facing real hardship and uncertainty because of the Coronavirus measures.

We were and remain particularly concerned for the 41,000 registered childminders who, as sole traders, were not given support by the Chancellors early financial support package.

The Self Employment Income Support Scheme (SEISS)

Following the announcement of the Chancellor's SEISS, we are submitting further evidence in regards to the enduring concerns that we have.

1. Waiting 3 months until payments under SEISS is too long

The estimate for payment of the SEISS is June and we believe this needs to change. Members of the childminder community are struggling to pay their mortgage, bills and buy food today. We also know that childminders are overwhelmingly female, many with challenging carer responsibilities and often living in single parent households. As such they have very little financial resource as back-up and are particularly vulnerable to any loss of earnings.

As a single mum and childminder this offer won't even touch the surface of my bills. Plus, no money until June².

2. The scheme excludes sole traders that have not submitted a 2018/19 self-assessment

By not allowing 2019/20 tax year data in the relief, the government is penalising those that started their self-employment in the last 24 months.

What's more if they started after the 5th April 2019, they will not get any support.

¹ PACEY is the Professional Association for Childcare and Early Years. Our aim is for all children to experience high quality childcare and early learning. We support our 30,000 members to provide high quality childcare and early learning through training, resources, advice and peer support and champion the vital role they play in helping prepare children for a bright future.

² Anonymous childminder comment via PACEY Facebook.

According to Ofsted data³ there were 2,981 new childminder registrations between March 31st 2019 and December 31st 2019 (CIW data states that there were 85 new childminder registrations in Wales between the same dates). In the context of long-embedded challenges, such as decline in the number of childminders, it is vital that we find a way to keep those new childminders in the profession over the coming months.

We would like to see a return to start up grants, such as those that exist in Wales for newly established childminder businesses, many of whom will have faced considerable set up costs with little opportunity to recoup through income.

It's all great but what about childminders who have taken 10 months to build up a business and haven't yet filed a tax return!

I only submitted 6 months of tax returns for 2018-2019 as my childminding business started in September 2018. So, based on this package I will get a third if I'm lucky of my current earnings. That's not enough to survive, get by, reopen. Surely if you haven't submitted a full year they need to pay 80% of the annualised figure for your earnings thus far. Devastated.

I only started childminding in August 2019 so haven't submitted my 1st tax return yet. I'm not entitled to any other help as my partner earns but not even enough to cover all our outgoings so how the hell am I supposed to pay my bills and feed both my children. This is going to put us in debt. Can safely say that I won't be returning to childminding after this.⁴

3. Those who recently transitioned to full-time self-employment are missing out

At least 50 per cent of your income in 2018/19 must come through self-employment to qualify for SEISS.

As many self-employed people may only have recently transitioned to full-time self-employment, or they have other PAYE work as an income supplement, this means they will not qualify for either the Job Retention Scheme or the SEISS.

I started in February! I had to pay all my start-up costs as returning to childminding. I'm in high risk group so no clue when I will be able to leave the house, let alone return to work. So that self-employed announcement was a kick in the teeth for me. Basically, we can't do anything for you because you might try to defraud us, but we will be charging you more tax once this is all over! They are going to send me links to improve my mental health with the letter asking me not to leave my house! My mental health would be immeasurably improved by knowing how I'm going to pay my bills! Feeling pretty damn forgotten!

I literally have no idea how I am going to survive financially. I have only been childminding since January and can not claim universal credit due to my husbands earnings (which doesn't even cover our bills) They have not thought about people like myself. I do not know what we are going to do.⁵

We believe that the 50 per cent threshold should be removed.

³ <https://www.gov.uk/government/publications/childcare-providers-and-inspections-as-at-31-december-2019/main-findings-childcare-providers-and-inspections-as-at-31-december-2019>

⁴ Anonymous childminder comments via PACEY Facebook.

⁵ Anonymous childminder comments via PACEY Facebook.

4. Limited company owners are left out

Many self-employed people, including some childminders, operate under a limited company and sole directors of limited companies are not included in the SEISS.

It doesn't help those of us that are registered as a Ltd company. I've been a self-employed childminder for 8 years and only this year have I been registered as Ltd. It means I get nothing and have to hope that my parents continue to pay me to be able to remain in this profession.⁶

We believe that where limited companies are small, with modest profits, this is an anomaly that should be rectified.

We know that members of the childcare community will be doing everything they can to contribute to the collective efforts during this crisis. However, we fear the immediate loss of thousands of childminders, not least the 2000 plus newly registered childminders. Without further measures, the impact on them, their families and the families that they support could be devastating.

PACEY recognises the importance of the measures that have been taken by Government to tackle the unprecedented threat of the Coronavirus.

However, we believe that urgent improvements need to be made to the SEISS announced by the Chancellor.

We urge government to understand the support that childcare providers need, especially childminders, so that there is a strong early years and childcare sector that families can rely on when we are all able to return to our normal working lives.

Contact
Liz Bayram
PACEY, CEO

⁶ Anonymous childminder comments via PACEY Facebook.