

## COVID-19: FINANCIAL SUPPORT FOR CHILDMINDING

Briefing Paper, September 2020

### **Introduction/context**

Childcare will play a vital role in supporting national economic recovery from COVID-19 by enabling parents/carers to work and it has been recognised that we need to ensure childcare providers remain financially sustainable to support this.

While transitional financial support has been provided to other childcare providers in Scotland, through the Scottish Government's Transitional Support Fund, childminders have not been able to apply for this important funding. **A new survey undertaken by SCMA has found that – almost half of childminding businesses do not believe they will remain financially viable for more than six months without financial support or an increase in business; around 80% of childminders have experienced a 'significant reduction' or 'reduction' in children in their settings linked to Scottish Government guidance that parents should work from home; and childminders are also experiencing an increase in operating costs and additional hours to meet the requirements of COVID-19 operating guidance.**

SCMA believes the evidence of the financial impact of COVID-19 and national guidance on childminding continues to increase and that the Scottish Government urgently needs to provide financial assistance to childminders to preserve this valuable form of childcare for children and families, and to ensure that childminders are treated equitably to other childcare providers.

### **Childminding: why it is important**

Currently, there are approximately 4500 childminders in Scotland providing childcare to 32,700 children (13% of all childcare provision in Scotland). Childminding –

- uniquely provides a quality family childcare experience in a home setting (in which childminding is both a form of childcare and family support)
- has one of the highest ratings across all quality criteria, via independent inspection by the Care Inspectorate, and the lowest adult-to-child ratios of all forms of childcare in Scotland – supporting more one-to-one care<sup>1,2</sup>
- enables children to learn and play with other ages – providing opportunities to enhance early learning, confidence and social development – and supports parents, families and communities<sup>3,4</sup>
- provides unparalleled continuity of care (0-12/16 yrs) and in line with other childcare providers in Scotland, childminders are guided by the Curriculum for Excellence, and are required to follow the values and principles of the 'Getting It Right For Every Child' (GIRFEC), framework, which supports the health and wellbeing of children<sup>5,6</sup>
- increases parental choice, can be blended with other forms of childcare (i.e. nursery) to meet increasing parental demand for flexible childcare and informed choice to access the distinct forms of childcare offered by different providers
- is eligible for free or 'funded hours' of Early Learning and Childcare (ELC), which can be particularly helpful in supporting children with additional support needs and children who may struggle in a larger setting;

COVID-19 has also highlighted the added value to public health of small childcare settings in local areas. The risks of transmission of infection are considered lower due to the smaller numbers allowed within childminding settings. As a result, all childminding settings were allowed to stay open longer than schools and nurseries when restrictions

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<sup>1</sup> Early Learning and Childcare Statistics 2018, Care Inspectorate, September 2019

<sup>2</sup> National Care Standards, Scottish Government

<sup>3</sup> A Review of the Research on Childminding: Understanding Children's Experiences in Home-Based Childcare Settings, Ang et al, Early Childhood Educ J (2017)

<sup>4</sup> SCMA Community Childminding Service: briefing paper, SCMA, 2019

<sup>5</sup> Health & Social Care Standards, Scottish Government

<sup>6</sup> Getting It Right For Every Child, Scottish Government

were first imposed. In addition, childminding settings were allowed to re-open earlier than nurseries and other larger settings. Up to 1000 childminding settings remained open during lockdown to support the national response to COVID-19 by providing critical childcare for key workers and vulnerable children.

### ***Understanding the Problem***

SCMA has contributed constructively, along with other stakeholders, throughout COVID-19 to national recovery planning. This principally involved contributing to the development of childminding operating guidance and also to a work stream within a Scottish Government sectoral Recovery Working Group looking at financial sustainability of the whole childcare sector. While this work also included looking at the impact of (then) current operating guidance, it was recognised that there were risks to financial sustainability for the whole sector and that the financial position for childminders was of significant concern given their heavy reliance on private income, as opposed to other childcare providers who are more heavily involved as 'funded providers' and can rely on more sustainable income in the delivery of funded ELC.

### ***The Transitional Support Fund***

The Scottish Government then announced the establishment of the £11.2m Transitional Support Fund. Instead of providing sectoral-wide support, as we believed had been recommended, this was a more targeted fund aimed at the additional costs of the operating guidance for 'Daycare of Children's Services' settings re-opening in Phase 3 (from 15 July 2020). 'Daycare of Children's Services' is a legal definition which covers Private, Voluntary and Independent (PVI) nurseries and childcare settings, excluding childminding. PVI settings (1-10 children) of a comparable size to the majority of childminding settings have been able to apply for grants starting at £1500 each.

### ***Childminding Workforce Support Fund***

At the same time as the Scottish Government announced the Transitional Support Fund it also announced the launch of the Childminding Workforce Support Fund. For clarity, this is a completely separate fund which was initiated by SCMA when we recognised that during lockdown some childminders had been falling through the cracks between different UK and Scottish Government sources of financial support and were experiencing financial hardship. SCMA released £30,000 from our financial reserves and the Scottish Government agreed to 'match fund' this with £30,000 to create a small grants fund which would be able to make 170 awards of £350 to childminders experiencing financial hardship. This was never intended to be a 'cure all' and more just a contribution to those most in need. The Childminding Workforce Support Fund opened in July and was heavily over-subscribed. SCMA then used this evidence to secure further funding from the Scottish Government to support childminders experiencing financial hardship. Recently the Scottish Government announced that this further funding would take the form of an additional £330,000 for the Childminding Workforce Support which will enable another 940 childminders in Scotland experiencing financial hardship to receive small grants of £350 each. Details about the re-opening of this Fund will be provided shortly. While SCMA welcomes the additional funding for the Childminding Workforce Support Fund, we also recognise that this level of financial support for childminders is completely out of step with the level of financial support made available to other providers.

The establishment of the Transitional Support Fund and exclusion of childminders from eligibility to apply has provided very divisive. The Scottish Executive Board of SCMA (comprised of very experienced childminders from all around Scotland) felt it necessary to write formally to the Minister for Children & Young People to highlight the unprecedented disconnect which this had created with childminders around Scotland – many of whom who felt deeply dismayed and demoralised that they were not being treated equitably to other providers.<sup>7</sup> Our Chief Executive also placed on record concern about the mishandling of this<sup>8</sup>. A number of petitions are in circulation and many childminders have been contacting their MSPs and Ministers to express concern and ask that they are treated equitably to other childcare providers. This has led to Parliamentary Questions including during First Minister's Questions in the Scottish Parliament last week.

### ***Latest evidence of financial impact of COVID-19 and official guidance on childminding***

Throughout this period SCMA has continued to engage constructively with the Scottish Government, to impress the need for childminders to receive more financial support and to gather more evidence in addition to that which it had already captured during the summer to inform consideration of this.

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<sup>7</sup> COVID-19: financial support for childminders. Letter from SCMA Scottish Executive Board to Maree Todd MSP, Minister for Children & Young People, 18 August 2020. <https://www.childminding.org/news/scma-scottish-executive-board-letter-to-scottish-government>

<sup>8</sup> SCMA Statement on the Mishandling of the Scottish Government's Transitional Support Fund, 4 September 2020 <https://www.childminding.org/news/scma-statement-on-the-mishandling-of-scottish-government-s-transitional-support-fund>

SCMA conducted a snapshot survey last week in which we captured the current financial impact of COVID-19 and official guidance on childminders around Scotland. **The timing of this is critical as over six weeks after the schools returned, over 900 childminding settings (21%) remain closed and there are doubts if they will be able to re-open again without support.<sup>9</sup> This could have major implications for economic recovery, children and families, parental choice and for communities. The findings are below.**

## **SCMA SNAPSHOT SURVEY: FINANCIAL IMPACT OF COVID-19 ON CHILDMINDING BUSINESSES**

(conducted 16 – 21 September 2020)

- 894 responses (25% response rate)
  - 859 responses (96%) from open childminding settings
  - 35 responses (4%) from closed childminding settings
- childminders in 31 out of 32 local authority areas responded

### **MAIN FINDINGS**

#### **Number of children in childminding settings currently in comparison to before COVID-19:**

- 79% (or 4 out of 5) of respondents reported that the number of children in their setting has 'significantly reduced' or 'reduced' (significantly reduced – 30%, reduced – 49%)
- 74% of respondents reported that the number of children in their settings has reduced by 30% or more (with 38% reporting that the number of children in their settings had reduced by 50% or more)

#### **Reasons for reduction in children in childminding settings** *(respondents were asked to tick all that apply):*

- 81% - reduced demand for childcare due to parents/carers being advised to work from home
- 74% - reduced demand for childcare due to parents/carers on furlough or made redundant
- 24% - reduced demand for childcare due to family (incl. grandparents) providing childcare
- 13% - families have left my setting due to restrictions on blended care

#### **Business viability without financial support or an increase in business**

- 46% (almost half) of childminding businesses who responded do not believe they will remain viable in 6 months' time without financial support or an increase in business

#### **Childminders questioning if they will be able to remain childminding**

- 74% of childminders who responded have questioned if they will be able to remain childminding

#### **Additional COVID-19 Operating Costs**

- 44% of childminders who have responded have spent more than £250 in one-off additional operating costs during COVID-19 (with 20% reporting that they have spent more than £500 in one-off operating costs during COVID-19)
- considering the last month's direct operating costs in comparison to pre-COVID monthly operating costs, respondents reported the following differences: 58% of respondents reported that their direct monthly operating costs have increased by 20% or more (less than before – 9%; about the same – 13%; 10% more – 20%; 20% more – 26%; 30% more – 16%; more than 30% - 15%).

#### **Additional hours worked in the last month to meet the requirements of operating guidance and to off-set the impact of COVID-19** (including 'hidden' additional, non-paid, hours worked by childminders as sole workers)

- 39% of respondents worked 20 or more additional hours last month

#### **Additional financial impact of COVID-19 on childminders**

- during COVID-19 60% of respondents have had to rely on their partner's income to supplement their income, 26% have had to borrow money or take out a loan; and 28% have run up debt on credit cards.

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<sup>9</sup> COVID-19 Daily Monitoring Return

We believe these latest findings must be taken very seriously and that they add to the earlier evidence on the financial impact of COVID-19 on childminding.

### **Earlier Evidence of Adverse Financial Impact of Covid-19 on Childminding**

In late June 2020 SCMA conducted a survey on financial viability of childminding settings<sup>10</sup>. This had two main aims –

- **to capture data on the effect that restrictions on blended care (childcare involving more than one provider) were having on childminding settings** in response to reports from childminders around Scotland that families were being forced by local authorities to choose a single provider for their childcare and they were therefore losing families from their businesses due to these restrictions, the lack of official clarity as to when or if the restrictions may be lifted and families' needing to make childcare arrangements in advance of the schools going back.
- **to capture some wider data on the financial impact of COVID-19 (including current operating guidance) on childminders to feed into the Scottish Government's Recovery Working Group work stream on financial sustainability** which we and other organisations across the sector were contributing to.

This survey found –

- **blended care:**
  - over 1190 families had already been lost from childminder settings due to restrictions on blended care
  - only 19% of childminders believed their business would still be viable in 12 months' time if restrictions continued after the schools returned in August
- **financial impact of COVID-19 on childminding:**
  - 70% of childminders had lost over 50% of their income during COVID-19
  - 60% of childminders believed their income would not return to pre-COVID-19 levels within six months
- **financial impact of Childminding Services Guidance:**
  - reduced my operating costs – 34%
  - no change to my operating costs – 28%
  - increased my operating costs by up to 10% - 22%
  - increased my operating costs by over 10% - 16%

The results on the impact of the operating guidance in June were broadly comparable to that obtained through a Scottish Government survey of Early Learning & Childcare (ELC) providers which a much smaller number of childminders had also responded to, **however, the results in June should be interpreted with some caution, as –**

- the guidance was changing regularly - childminders had different COVID-19 operating guidance during lockdown, when childminding settings were allowed to re-open more widely in Phase 1 (from 3 June), for Phase 3 (from 15 July) to coincide with nurseries and other larger settings re-opening; and then this was updated to coincide with the schools returning in August;
- restrictions on capacity were still in place and did not fully reflect operating practice or costs – as such, if capacity within settings was much-reduced this could have masked the impact on 'normal' operating costs;
- many settings were just starting to re-open.

As such, it was not the most reliable or stable period in which to obtain an accurate picture of the impact of the operating guidance in practice. Nor can the operating guidance for different providers be used for direct comparison or as the only indicator. While recognising that, at that time, the ELC survey indicated a very significant impact on Daycare of Children's Services arising from their re-opening guidance in Phase 3 this was based on the

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<sup>10</sup> COVID-19, Restrictions on Blended Placements and the Impact on the Childminding Workforce, Children, Families & Parental Choice, Briefing Paper, SCMA, July 2020

small group model for these settings, with much reduced capacity (8); the small group model was removed soon thereafter and these settings have been able to operate with much increased capacity. In addition, we believe that the underlying principle between all providers had already been established – the risks to financial viability.

### **Conclusion and Recommendations**

Childminders provide a vital service to children, families and communities and will be integral to supporting local and national economic recovery from COVID-19. The evidence of the financial impact of COVID-19 and official guidance on childminding is increasing. Our latest survey results have shown that many childminders have lost a significant amount of business as a result of official guidance requiring parents to work from home where possible. On top of this there is now very clear evidence that childminders are incurring an increase in direct costs arising from the operating guidance. But even then, this doesn't show the full picture. The majority of childminders are sole workers and are therefore also working additional hours to undertake the enhanced cleaning procedures required by the guidance. As such, many childminders are working these hours unpaid late into the evening where other larger businesses may be paying additional staffing costs for this. All other childcare providers in Scotland have been able to apply for transitional support to help offset the additional costs, including staffing, arising from their guidance. It is time that childminders are treated equitably and also provided with transitional financial support.

Urgent action is required from the Scottish Government to provide transitional financial support to childminders at this time – to provide stability, to help those settings which have re-opened to stay open and to enable settings which are closed to re-open; to support national and local economic recovery; and to provide equity of treatment with other forms of childcare which have already been able to access such financial support. Childminders deserve no less.

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Chief Executive

September 2020

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