#TellSCMA Childminding & You Survey 2022, Survey Report No. 2: Childminding Cost Pressures and Business Sustainability

Overview of part of our large-scale membership survey capturing data on childminders' cost pressures and business sustainability to inform a range of national discussions on cost of living pressures, sustainable rates, the implementation of the Real Living Wage and financial support post-COVID-19.

January 2023

Scottish Childminding Association
committed to quality childcare

Contents

Summary of Main Findings

Current capacity: vacancies

- 46% of all childminders who responded reported they currently have vacancies in their settings (ranging from 39% of partner providers to 50% of those not involved in funded ELC);
- of those with vacancies, 69% reported they had 1-2 vacancies and 25% reported 3-4 vacancies.

Current capacity: post-Covid-19 demand

- 16% of all childminders who responded reported a significant increase in demand for their service within this last year and 31% an increase in demand; 25% reported no change, 20% a decrease and 8% a significant decrease;
- In terms of the extent to which childminders' businesses have returned to pre-COVID-19 levels, 23% of all who responded believed there has been no change, as they remained open during the pandemic and are still at full capacity; a further 27% believe their businesses have returned to full capacity (100%) and 25% have returned to 75-100% capacity. While this is encouraging, one in four are doing less well - 15% of those who responded are still at 50-75% capacity and 10% at less than 50% capacity.

Business Sustainability

- While concerns about business sustainability have reduced in comparison to at the height of the pandemic, 35% of all childminders who responded are 'very concerned' or 'concerned' about their business sustainability (very concerned (14%), concerned (21%));
- 83% of all childminders who responded believe that cost of living increases pose the greatest risk to their business sustainability, influenced heavily by the significant and unsustainable increases in energy, fuel and food costs experienced by childminders as predominantly sole practitioners/business owners and even more pronounced in remote and rural areas;
- Concerns about the cost of living were followed by a series of ELC-related concerns – not being able to compete with ELC nursery expansion (52%), parents being approached by nursery staff or health visitors advising them to place their children in nurseries rather than childminding (43%) and more local authorities now promoting full-day places with nurseries (42%) instead of half-day sessions and where previously blended placements (split between nurseries and childminders) would have been available. These concerns were more pronounced within partner provider childminders or those who have ceased to deliver funded ELC.

Cost of Living Increases

- 47% of childminders who responded reported that their business expenditure has increased by £100+ per month since the beginning of last year, 37% by £125+ per month, 26% by £150+ per month, 19% by £175+ per month and 11% by £200+ per month;
- 33% of childminders who responded have had to increase their childminding rates within this last year and 59% believe they may have no option but to increase their rates within 6-12 months;
- 61% of childminders who responded believe they will have to reduce the heating in their setting over the next few months when children are present AND also have to switch the heating off in their family home while their own family are present (outwith setting hours) to be able to continue to heat their setting when it is open and children for whom they are providing childcare are present.

Real Living Wage (RLW) and Unpaid Hours

- Only 33% of childminders (and 38% of partner provider childminders) who responded could afford to pay themselves the RLW at the previous rate (£9.90 per hour), reducing to only 13% of childminders (all and partner provider childminders) at the higher new rate (£10.90 per hour from September 2022);
- 84% of childminders who responded are working an additional 3-4 hours or more, unpaid every week, with 40% working an additional 7-8 hours or more, unpaid every week;
- 10% of childminders who responded work with and rely on an assistant, the majority of assistants are working voluntarily/unpaid (often family members) and for whom childminders would find it difficult to pay the RLW (a requirement of partner providers within the National Standard for ELC).

#TellSCMA Childminding & You Survey 2022: Childminding Cost Pressures & Business Sustainability

METHODOLOGY, RESPONSE RATE & DEMOGRAPHICS

This large-scale, deep-dive survey was developed to capture SCMA members' experiences on the following:

- the Scottish Government consultation on the Future of Inspection in Early Learning & Childcare and School Age Childcare Services in Scotland;
- current cost pressures (rising cost of living, the Real Living Wage, sustainable rates and the extent to which members' businesses have recovered after COVID-19); and
- members' experiences of being included in delivering ELC, linked to our ELC Audit 2022.

The survey was conducted from 14 September – 9 October 2022. An e-mail invitation was sent out to 2803 members with valid e-mail addresses, followed by social media posts on Facebook and Twitter (including a short 4 mins video), newsletter and magazine items, an advert on our website and a final text reminder.

In total **1263 responses were received (providing a 45% response rate)**. This is a substantive and large sample and increases further on the high response rate (38%) achieved in our earlier and influential #TellSCMA Childminding & You Survey 2020. The survey also captured 1368 free-text comments.

Respondent demographics –

- responses were received from members in **31 local authority areas**;
- **50% of respondents are not involved in funded ELC, 38% are partner providers currently delivering funded ELC**, 4% are in the process of applying or have been approved but are not yet delivering funded ELC, and 8% had previously delivered funded ELC but no longer intend to or have no eligible children in their settings
- the most common maximum registration number was 6 children (77%), followed by 7 children (9%) and 8 children (5%)
- in line with the age profile of the childminding workforce the vast majority of respondents are 40+: 40-44 (16%), 45-49 (17%), 50-54 (20%) and 55+ (33%)
- 18% of respondents had been childminding for < 5 yrs, 19% for 5-10yrs, 19% for 10-15 yrs, 17% for 15-20 yrs and 27% for more than 20 years.

INTRODUCTION

Since conducting this survey in September and October, SCMA has been analysing and publishing the data captured in stages. Our first #TellSCMA Childminding & You 2022 survey report was published in late October 2022 along with our response to the Scottish Government consultation on the future of Inspection in Early Learning & Childcare (ELC) and School-aged Childcare (SAC) Services in Scotland which it informed, and we also published survey data on members' experiences of being included in delivering funded ELC linked to our SCMA ELC Audit 2022 in November 2022.

This further section of the #TellSCMA Childminding & You Survey 2022 asked 29 questions on childminding cost pressures and business sustainability and was designed to help inform understanding within a range of national discussions of –

- the extent to which childminding businesses have returned to pre-COVID-19 levels (including number of children and families supported, level of vacancies and current capacity);
- the ongoing impact of cost of living increases on childminding businesses;
- other cost pressures on childminding businesses (including the increase in unpaid hours undertaken by childminders as a result of the significant increase in bureaucracy and paperwork experienced during ELC expansion; and looking beyond sustainable rates to considering if the number of hours provided by local authorities to childminders delivering funded ELC are also of a high enough level to support their business sustainability);
- the impact which the full implementation of the Real Living Wage would have on childminding businesses;
- childminders' views regarding their current business sustainability; and
- the possible need for additional targeted financial support for childminding businesses**.**

As noted earlier, the wider-ranging #TellSCMA Childminding & You Survey 2022 sought to capture data on three distinct areas – inspection/quality assurance, cost pressures and childminders' experiences of funded ELC. We anticipated that different sections within this survey would be of more interest to different respondents and that due to it's length all respondents would not answer all sections and questions.

The cost pressures section captured approximately 800 responses (28% response level). While not as high as the overall 45% response level to the wider survey, this is still a very good response level – particularly as we are aware that many members found the Scottish Government's Financial Sustainability Health Check Survey (August 2021; 5% response level) difficult to complete, due to the level and format of information required, and did not engage with it to the same extent and also as the more recent COSLA/Improvement Service Cost Collection childminder survey in June 2022 was a small-scale telephone survey of 80-100 childminders conducted by Ipsos/MORI and did not include some areas which we believe are important to understanding if rates paid to childminders support their business sustainability. As such, these questions were included in our larger-scale survey. We believe that the detailed findings provide great value in increasing our understanding about where childminding businesses are at this point in time, the pressures being experienced and where targeted action is required to strengthen their sustainability.

SURVEY FINDINGS

CHILDMINDING SERVICES: NATURE & CAPACITY

NATURE OF SERVICE

Q. How many individual children do you currently provide a service for (total number on your books)?

	All (801)	**Not involved in funded ELC** (381)	**Partner Providers** (313)	**Applied/ approved, but not yet delivering** (39)	**No longer delivering funded ELC** (68)
1	2%	4%	0%	0%	0%
2	4%	5%	1%	13%	3%
3	7%	10%	4%	5%	5%
4	9%	12%	5%	8%	12%
5	10%	12%	8%	15%	12%
6	14%	14%	15%	8%	18%
7	8%	8%	8%	3%	7%
8	10%	10%	12%	3%	10%
9	7%	7%	8%	13%	7%
10	9%	7%	10%	15%	7%
11	4%	4%	3%	0%	6%
12	4%	2%	8%	3%	4%
More than 12	**12%**	5%	18%	14%	9%

Q. How many families do you provide a service for?

	All (796)	**Not involved in funded ELC** (377)	**Partner Providers** (312)	**Applied/ approved, but not yet delivering** (39)	**No longer delivering funded ELC** (68)
1	3%	6%	1%	3%	2%
2	6%	8%	2%	18%	6%
3	10%	13%	8%	5%	10%
4	15%	19%	10%	16%	16%
5	17%	18%	16%	5%	19%
6	15%	13%	18%	15%	16%
7	9%	7%	10%	5%	9%
8	8%	7%	9%	5%	7%
9	5%	3%	7%	10%	3%
10	5%	3%	6%	10%	6%
More than 10	7%	3%	13%	8%	6%

Q. In addition to your private childminding service, do you also provide any of the following? (tick all that apply)

	All (786)	**Not involved in funded ELC** (368)	**Partner Providers** (312)	**Applied/ approved, but not yet delivering** (38)	**No longer delivering funded ELC** (68)
Funded ELC places for eligible twos	20%	N/A	44%	13%	16%
Funded ELC places for three-fours	40%	N/A	93%	13%	28%
Funded places for Community Childminding	7%	1%	11%	8%	18%
Funded places for school-aged childcare (Access 2 Childminding)	2%	1%	4%	3%	3%
Other funded places on behalf of local authority/social work	6%	3%	9%	3%	7%
Funded childcare for a parent attending college	11%	7%	15%	13%	12%
None of the above	51%	90%	3%	68%	57%

CURRENT CAPACITY: VACANCIES

Q. Do you currently have vacancies in your setting?

	All (803)	**Not involved in funded ELC** (n=383)	**Partner Providers** (312)	**Applied/ approved, but not yet delivering** (39)	**No longer delivering funded ELC** (69)
Yes	46%	50%	39%	56%	43%
No	54%	50%	61%	44%	57%

Q. How many vacancies do you currently have in your setting?

	All (367)	**Not involved in funded ELC** (191)	**Partner Providers** (124)	**Applied/ approved, but not yet delivering** (22)	**No longer delivering funded ELC** (30)
1-2	69%	65%	78%	45%	77%
3-4	25%	28%	19%	50%	13%
5-6	5%	6%	2%	5%	7%
7-8	0%	0%	1%	0%	0%
9-10	0%	0%	0%	0%	3%
11 or more	1%	1%	0%	0%	0%

CURRENT CAPACITY: POST-COVID-19 DEMAND

Q. Has demand for your childminding service increased or decreased in the last year?

	All (802)	**Not involved in funded ELC** (381)	**Partner Providers** (313)	**Applied/ approved, but not yet delivering** (39)	**No longer delivering funded ELC** (69)
Significantly increased	16%	13%	19%	13%	19%
Increased	31%	32%	32%	23%	30%
No change	25%	24%	24%	44%	17%
Decreased	20%	20%	20%	15%	19%
Significantly decreased	8%	11%	5%	5%	15%

Q. Thinking back to before the pandemic, and then the reduction in demand for childcare during COVID-19, please indicate the extent to which you believe your business has returned:

	All (784)	**Not involved in funded ELC** (368)	**Partner Providers** (310)	**Applied/ approved, but not yet delivering** (38)	**No longer delivering funded ELC** (68)
No change / I remained open/ I am still at full capacity	23%	19%	29%	21%	15%
My business has returned to full capacity (100%)	27%	27%	27%	24%	28%
My business has returned to 75-100% capacity	25%	22%	27%	29%	32%
My business has returned to 50-75% capacity	15%	17%	13%	21%	13%
My business has returned to 25-50% capacity	5%	7%	3%	3%	6%
My business is running at up to 25% capacity	3%	5%	1%	2%	4%
I have no children in my setting	1%	2%	0%	0%	2%
My setting is closed/inactive	1%	1%	0%	0%	0%

<u>BUSINESS SUSTAINABILITY</u>

Q. Considering where your business is at this moment in time, please indicate which statement best matches your opinion:

	All (800)	**Not involved in funded ELC** (381)	**Partner Providers** (312)	**Applied/ approved, but not yet delivering** (38)	**No longer delivering funded ELC** (69)
I am very concerned about my business sustainability	14%	14%	13%	10%	20%
I am concerned about my business sustainability	21%	20%	24%	24%	15%
I am a little concerned about my business sustainability	28%	25%	32%	29%	28%
No opinion	8%	10%	6%	8%	7%
I am not concerned about my business sustainability	29%	31%	25%	29%	30%

Q. For those concerned about your business sustainability please indicate what factors are influencing this (please tick all that apply).

	All (343)	**Not involved in funded ELC** (162)	**Partner Providers** (136)	**Applied/ approved, but not yet delivering** (16)	**No longer delivering funded ELC** (29)
Impact of COVID-19 (reduction in demand for childcare)	31%	31%	32%	31%	35%
Current level of demand for my childminding services	32%	32%	31%	44%	35%
Cost of living increases	83%	80%	87%	75%	83%
Not being able to compete with ELC nursery expansion	52%	48%	54%	44%	69%
Not receiving a sustainable level of hours as a partner provider	20%	N/A	38%	13%	41%
I am a partner provider, but have no funded children	7%	N/A	7%	13%	41%
Difficulties getting involved in delivering funded ELC	12%	12%	7%	31%	28%
My local authority is now trying to get more 0-2yr olds into nurseries	33%	33%	32%	25%	41%
My local authority is now promoting full day places with nurseries	42%	34%	46%	50%	66%
My local authority will not consider blended placements	9%	5%	12%	13%	21%
Parents have been approached by nursery staff or health visitors advising them to place their children in nurseries rather than childminding	43%	27%	63%	38%	52%
Parents are feeling pressured by nursery or other staff to place their children in nurseries	44%	30%	59%	38%	52%
Other (please specify)	14%	12%	12%	13%	34%

48 additional comments were provided in response to the 'Other (please specify)' answer. The main themes which featured within this were -

- increase in local authority nurseries' interest in caring for eligible two-year-olds, not offering blended placements and only offering and promoting full days in nurseries to parents (combined with nursery staff and health visitors advising parents that two-year-olds should be in nursery) adversely affecting childminders' businesses and parental choice;
- excessive level of paperwork is not sustainable for childminders;
- reduced demand for childcare due to more parents working from home, fewer jobs for parents and cost of living increases also causing some parents to make more use of grandparents than pay for childcare.

A separate section of the #TellSCMA Childminding & You Survey 2022 captured data from members involved in delivering funded ELC about their experiences of doing so, linked to our SCMA ELC Audit 2022. The vast majority of local authorities (25+ out of 32) confirmed in this year's audit returns that parents can choose to take their hours with a childminder - either in full or as part of a blended placement for both eligible two year-olds and three to four year-olds. However, our survey questions found that while small gains (4-5%) had been made in the number of childminders involved in delivering funded ELC for eligible two year-olds, the highest responding group by far (70%) are still involved mostly in delivering funded ELC to three to four year-olds as part of blended placements -

- only 15% of childminders delivering funded ELC who responded believed there is a strong or very strong match between local authority offers made to parents and their business needs (this has decreased from 30% in 2021).
- 16% believed the hours they received were of a high enough level to support their business sustainability,
- 40% believed this to be a mix of high enough and not high enough (if delivering funded ELC for more than one child),
- 34% believed the hours were not high enough and 10% were undecided.

Only 7 out of 32 local authorities confirmed that they consider whether the number of hours allocated to both providers within blended placements are of a high enough level to support their business sustainability. While many simply state that this is down to parental choice, there are signs that more local authorities are starting to recognise their responsibility when making ELC offers and to consider whether the hours offered are of a high enough level to support both providers' business sustainability, rather than childminders just being offered the remainder after the bulk of the hours have been taken for a local authority's own nursery

IMPACT OF COST OF LIVING CRISIS

Q. Please estimate how much you believe the increase in cost of living (energy, petrol, food, supplies) has increased your monthly expenditure on your business this month in comparison to the beginning of this year:

	All (n=778)	**Not involved in funded ELC** (366)	**Partner Providers** (308)	**Applied/ approved, but not yet delivering** (38)	**No longer delivering funded ELC** (66)
Up to £50 more per month	17%	25%	8%	16%	20%
£50-75 more per month	17%	20%	13%	26%	12%
£75-100 more per month	19%	19%	17%	10%	26%
£100-125 more per month	10%	8%	12%	16%	12%
£125-150 more per month	11%	11%	11%	16%	8%
£150-175 more per month	7%	5%	11%	5%	4%
£175-200 more per month	8%	6%	11%	3%	8%
£200-250 more per month	6%	3%	9%	3%	7%
More than £250 per month	5%	3%	8%	5%	3%

Q. Have you increased your childminding rates within this last year in response to the increase in the cost of living?

	All (794)	**Not involved in funded ELC** (377)	**Partner Providers** (312)	**Applied/ approved, but not yet delivering** (37)	**No longer delivering funded ELC** (68)
Yes	33%	29%	34%	30%	46%
No	67%	71%	66%	70%	54%

Q. Do you believe you will have to increase your childminding rates within the next 6-12 months in response to the increase in cost of living?

	All (797)	**Not involved in funded ELC** (379)	**Partner Providers** (311)	**Applied/ approved, but not yet delivering** (38)	**No longer delivering funded ELC** (69)
Yes	59%	56%	63%	63%	54%
No	14%	14%	13%	19%	17%
Don't know	27%	30%	24%	18%	29%

Q. When did you last increase your childminding rates?

	All (770)	**Not involved in funded ELC** (359)	**Partner Providers** (307)	**Applied/ approved, but not yet delivering** (36)	**No longer delivering funded ELC** (68)
Within this last year	32%	31%	32%	33%	38%
1-2 years ago	20%	20%	20%	19%	15%
2-3 years ago	15%	11%	19%	20%	16%
3-4 years ago	12%	12%	11%	14%	12%
4-5 years ago	6%	7%	6%	6%	7%
More than 5 years ago	15%	19%	12%	8%	12%

Q. Do you believe that as a result of the increase in the cost of living, you will have to reduce the heating in your setting over the next few months when mindees are present?

	All (797)	**Not involved in funded ELC** (379)	**Partner Providers** (311)	**Applied/ approved, but not yet delivering** (38)	**No longer delivering funded ELC** (69)
Yes	61%	56%	69%	53%	62%
No	19%	23%	14%	23%	16%
Don't know	20%	21%	17%	24%	22%

Q. Do you believe that you will have to switch the heating off in your family home and while your own family are present (out with setting hours) to be able to continue to heat your setting when it is open and mindees are present?

	All (798)	**Not involved in funded ELC** (380)	**Partner Providers** (312)	**Applied/ approved, but not yet delivering** (38)	**No longer delivering funded ELC** (68)
Yes	61%	54%	68%	58%	63%
No	20%	25%	17%	18%	12%
Don't know	19%	21%	15%	24%	25%

<u>REAL LIVING WAGE & UNPAID HOURS WORKED</u>

Q. Are you able to pay yourself at least the Real Living Wage (currently £9.90 per hour) every month?

	All (788)	**Not involved in funded ELC** (374)	**Partner Providers** (307)	**Applied/ approved, but not yet delivering** (38)	**No longer delivering funded ELC** (69)
Yes	33%	30%	38%	37%	29%
No	67%	70%	62%	63%	71%

Q. It is predicted that the Real Living Wage could increase to £11.00 – 11.50 later this month. If this were to happen, would you be able to pay yourself (and your assistant, if applicable) the Real Living Wage?

	All (793)	**Not involved in funded ELC** (377)	**Partner Providers** (309)	**Applied/ approved, but not yet delivering** (38)	**No longer delivering funded ELC** (69)
Yes	**13%**	13%	13%	16%	9%
No	**67%**	65%	67%	66%	75%
Don't know	**20%**	22%	20%	18%	16%

Q. How many UNPAID hours do you work to support your childminding business each week?

	All (776)	**Not involved in funded ELC** (360)	**Partner Providers** (310)	**Applied/ approved, but not yet delivering** (38)	**No longer delivering funded ELC** (68)
1-2 hours	16%	26%	7%	5%	10%
3-4 hours	23%	30%	15%	34%	19%
5-6 hours	21%	14%	29%	27%	18%
7-8 hours	15%	10%	19%	8%	26%
9-10 hours	7%	5%	7%	13%	15%
More than 10 hours	18%	15%	23%	13%	12%

Q. Do you work with an assistant(s)?

	All (800)	**Not involved in funded ELC** (381)	**Partner Providers** (312)	**Applied/ approved, but not yet delivering** (38)	**No longer delivering funded ELC** (69)
Yes (unpaid/voluntary)	6%	3%	7%	8%	7%
Yes (employed)	2%	0%	4%	8%	0%
Yes (self-employed)	2%	2%	3%	0%	2%
No	90%	95%	86%	84%	91%

Q. If your assistant is paid, does your assistant(s) receive the Real Living Wage (currently £9.90 per hour)?

	All (35)	**Not involved in funded ELC** (7)	**Partner Providers** (23)	**Applied/ approved, but not yet delivering** (4)	**No longer delivering funded ELC** (1)
Yes	60%	57%	65%	50%	0%
No	40%	43%	35%	50%	100%

Q. How many unpaid hours does your assistant(s) work each week to help you?

	All (45)	**Not involved in funded ELC** (13)	**Partner Providers** (23)	**Applied/ approved, but not yet delivering** (4)	**No longer delivering funded ELC** (5)
1-2 hours	23%	8%	31%	67%	0%
3-4 hours	25%	31%	17%	0%	60%
5-6 hours	11%	15%	13%	0%	0%
7-8 hours	7%	15%	4%	0%	0%
9-10 hours	9%	8%	13%	0%	0%
10-15 hours	14%	15%	9%	33%	20%
15-20 hours	2%	0%	4%	0%	0%
More than 20 hours	9%	8%	9%	0%	20%

Q. If your assistant is unpaid would you be able to afford to pay them the Real Living Wage (currently £9.90 per hour)?

	All (43)	**Not involved in funded ELC** (n=13)	**Partner Providers** (23)	**Applied/ approved, but not yet delivering** (2)	**No longer delivering funded ELC** (5)
Yes	2%	0%	4%	0%	0%
No	93%	85%	96%	100%	100%
Don't know	5%	15%	0%	0%	0%

TERMS & CONDITIONS

SCMA normally surveys our membership annually on their business terms and conditions. Some questions from this exercise were included within this larger survey, so as to reduce the number of surveys members were asked to complete. The detail from this is commercially sensitive, is reported back to members in an aggregated manner and is not included within this survey report. However, we have published the results of two questions regarding the uptake of Tax-Free Childcare which may be of wider interest.

Q. Are you signed up as a childcare provider to receive fees via Tax-Free Childcare (Childcare Choices)?

	All (n=781)	**Not involved in funded ELC** (367)	**Partner Providers** (310)	**Applied/ approved, but not yet delivering** (37)	**No longer delivering funded ELC** (67)
Yes	90%	84%	95%	89%	96%
No	10%	16%	5%	11%	4%

Q. Do you receive Tax-Free Childcare payments from parents/carers?

	All (n=782)	**Not involved in funded ELC** (368)	**Partner Providers** (309)	**Applied/ approved, but not yet delivering** (38)	**No longer delivering funded ELC** (67)
Yes	80%	76%	85%	79%	82%
No	20%	24%	15%	21%	18%

ANY OTHER COMMENTS

Q. Do you have any other comments? Please use this space to make other comments about the cost of living, delivering your childminding service, demand for your childminding services and your business sustainability.

192 additional comments were captured, unsurprisingly dominated by the significant adverse impact of the cost of living crisis. The main themes which featured within this were –

- **Increase in cost of living:** childminders, as predominantly sole business owners, are being severely affected by significant increases in –
    - energy costs (costs doubling to heat their setting/home, need for an "energy fund" to support childminders, change required to HMRC tax allowance for percentage of business expenses spent on heating to reflect cost of living crisis, childminders having to reduce heating while mindees are present and ask parents to pack more clothes),
    - fuel costs (driving children in the car – pick up/drop off and going out; reducing trips with children, and even more pronounced in remote and rural areas where fuel is more expensive and more use of transport is required); and
    - food costs (meals for children);
- **For those delivering funded ELC, sustainable rates are too low:** rates were too low before the cost of living crisis, but even with increases do not cover significant increases in energy, fuel and food costs; rates do not enable childminders to pay themselves or assistants the Real Living Wage; some support for a national rate; childminders not paid for delivering funded ELC when they are closed and don't get paid for bank holidays, in contrast to early years practitioners in local authority nurseries;
- **Childminders' rates:**
    - those who have already increased their rates within the last couple of years report these increases have already been overtaken by increase in cost of living and they cannot keep increasing their rates and passing on more costs to parents who are struggling;
    - those who haven't put their rates up, and have delayed doing so, are very concerned this will result in loss of business from parents who could not afford an increase;
    - childminders continuing to support parents as much as possible i.e. not charging when children do not turn up (but reduces income for childminder), not charging or reducing during holidays (again, reducing childminders' income);
    - some freezing rates for existing/longstanding families and increasing rates for new families;

- **Demand for childminding is very variable**
    - Some childminders at full capacity, with high demand for childminders and shortages of childminders locally;
    - Others with only 1 or 2 children in their settings and fearing they will have to close;
    - Changing demand due to more nurseries going full-day (9.00am-3.00pm) and only offering this to parents for funded ELC, with childminders left with before and after school which is not sustainable; examples of childminders now having more children on their books than before, but part-time rather than full-time; added complexity when left with part-days (spare capacity in theory) which can't be sold / doesn't meet other parents' needs (in practice);
    - Parents also looking for shorter hours due to their cost of living pressures; and increasingly using grandparents for childcare due to cost of living;
    - Some interest in increasing the flexibility within adult to child ratios to reflect changing demand and support business sustainability i.e. rather than no more than three pre-school children within no more than six children under 16 at any one time, allow a childminder to focus more on pre-school and have four under five-year-olds to one adult when there are no school-age children in the setting.

- **Some childminding business models affected more than others**
    - local demand may be for either pre-school or school-age – not both / existing mixed ratios limit income;
    - childminders focussing on children with Additional Support Needs (ASNs), requiring much one-to-one support, not able to take other children and increase income to offset cost of living increases;
    - term-time childminders reporting additional pressures (i.e. previously averaged their rates across the year to cover periods when closed, but these rates do not cover increasing costs; some reports of reduced demand for childminding when schools closed in the summer and being undercut by other providers;

- **Paperwork:** increase in paperwork is a dominant and recurring theme; not sustainable on top of other business (cost) pressures;

- **Real Living Wage:** childminders often unable to pay themselves the RLW, but required to pay their assistants delivering funded ELC the RLW and more than they can pay themselves.

- **Business sustainability:** concerns for business sustainability linked to cost of living increase and changing demand as noted above

- **Other** (including inconsistencies in local planning authority requirements for childminding businesses - some require planning permission or certificates, with additional cost, while others do not.

WHAT WE ALREADY KNEW ABOUT CHILDMINDERS' BUSINESS SUSTAINABILITY BEFORE THIS SURVEY

In August 2022 SCMA published a detailed Childminding Evidence Paper in support of our current strategy 'Changing the Narrative: Strengthening Childminding, Supporting Families & Increasing Choice' and which brought together the increasing range of evidence which documents the adverse effects that the implementation of ELC expansion has had on the childminding workforce. This paper includes a detailed section on childminders' financial sustainability (see pages 11-14).

In summary, prior to COVID-19 childminders' concerns about their financial sustainability had increased during ELC expansion, with many childminders finding it difficult to compete with the rapid large scale of local authority nursery expansion. Throughout the pandemic SCMA was very active in supporting members to continue to practice safely and in contributing to national recovery. This included undertaking a wide range of activity and surveys linked to childminders' business sustainability including building the case for much-needed financial support for childminders during COVID-19. Our surveys conducted during COVID-19 found that childminders' financial sustainability was weakened further by the pandemic.

In August 2021 the Scottish Government conducted a Financial Sustainability Health Check of the childcare sector in Scotland to which SCMA contributed. This involved undertaking surveys of, and some interviews with, providers to obtain a snapshot of their financial business health after over 15 months of COVID-19. The Financial Sustainability Health Check found that childcare providers' concerns about their financial sustainability had increased significantly during COVID-19, as a result of operating restrictions and the sustained reduction in demand for childcare caused mainly by the continuing requirement for parents/carers to work from home or being on furlough, and that the two most financially vulnerable provider types were childminders and school-aged childcare settings. The exercise also found that childminders had been reluctant to increase their childminding rates for families, due to the financial pressures that parents were also experiencing and as childminders were concerned that if they were to increase their rates this could result in a loss of business.

Since conducting the Financial Sustainability Health Check, the Scottish Government has provided access to some targeted business support for providers and provided further targeted financial support to the sector through the Childcare Sector Omicron Impacts Fund in March 2022.

In parallel, the childminding workforce has continued to decline, this is accelerating, and our SCMA ELC Audit 2022 (November 2022) reported that the childminding workforce in Scotland has now declined by 34% since 2016 during ELC expansion (with the loss of 1926 childminding businesses and 11,363 childminding places for families). These losses are not sustainable and new workforce projections, based on established data trends, predict that without urgent intervention the decline of the childminding workforce could reach 42% by July 2023, 50% by July 2024 and 64% by July 2026 – almost doubling the above losses.

The findings of this latest survey, with 35% of respondents reporting they are very concerned or concerned about their business sustainability, confirm that this remains an important issue.

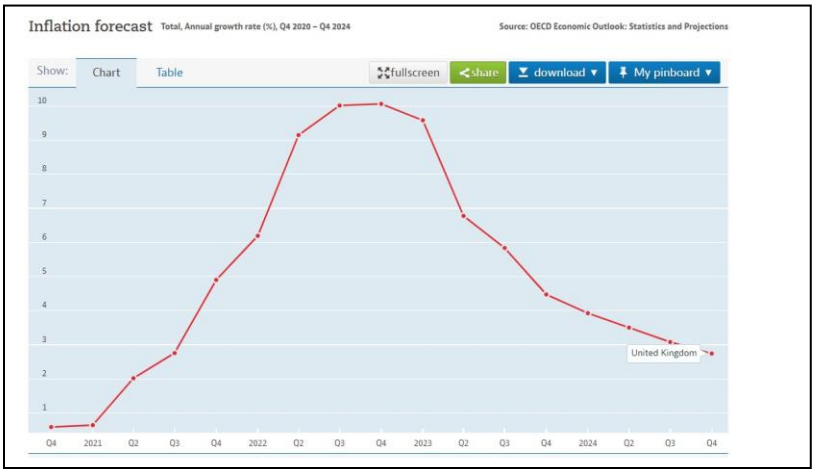
COST OF LIVING & INFLATION PROJECTIONS

Analysis by the Office for National Statistics (ONS) reported that the annual inflation rate has been rising steadily in the UK since February 2021, driven largely by increases in energy costs. In December 2022 the ONS reported that inflation had eased slightly, but gas and electricity prices continue to rise sharply. In particular they noted that –

"Electricity prices in the UK rose by 65.4% and gas prices by 128.9% in the year to November 2022, despite the introduction of the government's Energy Price Guarantee".

The price of goods and services bought in the UK rose by 9.3% in the year to November 2022, as annual inflation eased slightly from 9.6% in October (CPIH)[1].

While it is difficult to know how long inflation will remain high, the latest Organisation for Economic Co-operation & Development (OECD) forecast is that UK inflation would peak at 10.06% at the end of Quarter 4 in 2022 and slowly reduce during 2023 – Q1 2023 (9.58%), Q2 (6.77%), Q3 (5.83%) and Q4 (4.47%), before reducing from 3.92% in Q1 2024 to 2.74% by the end of 2024[2].



Source: OECD

As such, it is clear that while it is forecast and hoped that inflation will gradually decrease, significant cost pressures already experienced during the last 12-18 months will continue throughout this year creating further risks to childminder business sustainability and that targeted financial support could be vital in this interim period.

OTHER DEVELOPMENTS SINCE LAST FINANCIAL SUSTAINABILITY HEALTH CHECK

In May 2021, a few months before the Financial Sustainability Health Check was published, SCMA launched our new three-year strategy 'Changing the Narrative' to promote recovery, strengthen childminding, support families and increase choice. This was still in the midst of the pandemic and at a time when few in Scotland were looking forward. At it's heart our strategy aimed to develop a sustainable childminding workforce in Scotland and in doing so recognised that to do this, and redress the declining childminding workforce trends, we must collectively address issues affecting both recruitment and retention – as should any consideration of financial sustainability.

Childminder Recruitment: remote and rural

In summer 2021 SCMA had received approaches from a number of local authorities in remote and rural areas, where recruitment challenges were more pronounced, seeking our help with childminder recruitment. We were happy to help, but realised a wider strategic response was required and SCMA convened a National and Local Stakeholder Strategic Discussion on Childminder Recruitment & Retention in Remote & Rural Areas. This meeting was held on 11 November 2021, led by SCMA and representatives from 17 national and local organisations participated. This led to the establishment and launch, in March 2022, of the Scottish Rural Childminding Partnership (SRCP). Led by SCMA with financial support from Highlands & Islands Enterprise, South of Scotland Enterprise, Skills Development Scotland and the Scottish Government, and delivered in

[1] Cost of living latest insights - Office for National Statistics (ons.gov.uk), 14 December 2022

[2] Prices - Inflation forecast - OECD Data

partnership with 10 remote and rural local authorities, the pilot aimed to recruit 100 childminders in remote and rural areas where they were most needed. It also enabled us to test a childminding-specific and supported recruitment model which could be extended more widely, using a demographically-targeted digital and radio marketing campaign and all new childminders recruited via the campaign would be provided with a fully funded support package –

- SCMA's childminding-specific Induction Support Programme and one-to-one support before and throughout the Care Inspectorate registration process
- a start-up package of three SCMA childminding-specific Continuing Professional Learning courses
- a £750 start-up grant.

This has been a collaborative pilot in which local authorities have identified target areas and SCMA has brought our childminding-specific expertise to developing and delivering the recruitment campaign and supporting childminders throughout the process. While this pilot is still ongoing, very encouraging progress has been made – 17 new childminders have already completed registration with the Care Inspectorate, a further 23 have applied to the Care Inspectorate for registration and another 40+ have completed or are about to complete our Induction Support Programme and are working their way through the system. This includes recruiting childminders in areas that local authorities had previously not been able to do so. The pilot has also been capturing information about other aspects of the registration process which can impede business establishment and SCMA has been taking these issues up with the Care Inspectorate (examples include delays in receiving GP letters and inconsistent approaches taken by local planning authorities resulting in additional, unnecessary cost to applicants).

Childminder recruitment: urban

The SRCP pilot has attracted wider interest including from urban and mixed local authorities and we will shortly be launching the next stage of our childminder recruitment activity. This will further test the application of our childminding-specific supported recruitment model in a number of urban local authority areas and undertake some follow-up recruitment activity in remote and rural areas. This further pilot will also apply some learning from the original SRCP pilot to further inform future potential national activity. Further details about this and the participating partners will be announced shortly.

Retention

SCMA has also been leading nationally on addressing the issues which are adversely affecting retention within the childminding workforce. Through our annual ELC Audits which we have been commissioned to undertake by the Scottish Government we have reported on the difficulties that many childminders, as small businesses, have faced in competing with the large and rapid scale of local authority nursery expansion, and recurring issues including difficulty in getting involved in delivering funded hours and at a level which support their business sustainability, and inequitable promotion of childminding to parents as an option for receiving their funded ELC entitlement alongside local authorities' own nursery provision. We have also captured evidence on what has become the main reason that childminders have been leaving or are planning to leave the childminding workforce – the significant increase in bureaucracy, paperwork and duplicative quality assurance during ELC expansion which has affected childminders disproportionately as predominantly sole workers who are now working an excess of hours, unpaid and in their own time to support this. Our activity in addressing the issues adversely affecting retention is well-documented including in our Childminding Evidence Paper which provides a detailed overview, our response to the Scottish Government consultation on the future of Inspection in ELC and SAC Services in Scotland, and our SCMA ELC Audit 2022.

Reducing the Burdens

SCMA recognised that the problems with duplicative quality assurance are considerable, cannot be solved quickly and more immediate action is required to support childminders and reduce the pressures being experienced.

In spring 2022, and with financial support from the Scottish Government, SCMA developed three new 'Quality in Practice' Continuing Professional Learning (CPL) courses to assist members with their increasing quality assurance requirements and to support them with evidencing their practice. This was a small-scale pilot providing access for 300 members (100 per course). Following successful evaluation SCMA has recently been awarded a grant by the Scottish Government to conduct a further pilot which will extend access to these courses and test their use along with an SCMA-developed self-evaluation template in a number of local authority areas, and SCMA has also been commissioned to develop Good Practice Principles for local authorities working with childminders. Further details about this pilot will also be announced shortly.

In parallel, SCMA has continued to call for the Scottish Government to convene a national summit of all involved stakeholders to agree what duplicative aspects of quality assurance can be reduced or, indeed, removed quickly; and to plan how we can reduce and rationalise the number of related frameworks and outcomes reporting, and against an agreed timescale for change.

Wider Scottish Government Activity

A range of related work is also underway or planned at a national level. In particular, the Scottish Government –

- is undertaking a 'lessons learned' exercise in conjunction with the Improvement Service to improve cost collection data to inform the setting of local sustainable rates for delivering funded ELC;
- is planning to repeat it's Financial Sustainability Health Check survey in early 2023; and
- last December convened the first meeting of the ELC Living Wage and Fair Work Implementation Group to progress the implementation of the Real Living Wage in ELC settings.

In order to avoid duplication SCMA has been liaising closely with the Scottish Government and others over the #TellSCMA Childminding & You Survey 2022 and cost pressure data which we sought to capture to help inform the above and other ongoing national discussions.

Real Living Wage

While we are supportive of the above activities and, in particular, the goal to increase levels of pay through the implementation of the Real Living Wage (RLW), we do believe this poses significant risks to childminding businesses. Currently the National Standard for ELC requires all partner providers delivering funded ELC to pay their staff the RLW and the Living Wage and Fair Work Implementation Group has recently been established to progress the Fair Pay agenda within the ELC sector. The majority of childminders are sole workers/practitioners and those participating in delivering funded ELC do not have to pay themselves the RLW, but do have to pay any assistants the RLW. Childminding is not a high-income profession and there has been little data on childminders' ability to pay themselves or their assistant(s) the RLW.

To address this, the #TellSCMA Childminding & You Survey 2022 has captured data on childminders' ability to pay themselves and their assistants the RLW at both the former £9.90 per hour and new £10.90 per hour rates, as the survey was being conducted over the period in which the new rate was due to be announced. **From this data it is very clear that the vast majority of childminders would be unable to pay themselves the RLW and that the gap has widened further between these two rates, with the number of childminders who believe they would be able to pay themselves the RLW dropping from 33% to only 13% as a result of this latest increase.**

While the number of childminders working with assistants is low, many of these assistants are unpaid family members whom childminders would not be able to pay the RLW to if required.

To be very clear, SCMA is supportive of working to increase the value of pay for childminders and their assistants, but this needs to be done in such a way which will not widen further the existing gaps between them and other providers, disadvantage them and prevent their participation in delivering funded ELC and the future statutory entitlements within the Programme for Government commitments for ELC for one-year-olds and the new system of wraparound school-aged childcare. If wishing to avoid further losses from the childminding workforce, exemptions around the RLW may be required in the short term followed by financial support in the form of subsidy to enable childminders to participate equitably, implement and to benefit from the RLW.

ELC Qualification Flexibility Required for Later Career Stage Childminders

When considering the sustainability of childminding businesses, the wider childminding workforce and the acute challenges presenting we believe it appropriate to also reintroduce a subject for discussion which, while not financial, had been considered important before the pandemic and included within the Scottish Government's Commitment to Childminding Action Plan, but was de-prioritised by COVID-19 – exploring if flexibilities to the National Standard for ELC were required for childminding (a working group was to have been established to explore this, but this didn't happen due to the pandemic).

The National Standard for ELC includes a criterion that all partner providers must have obtained or be working towards the benchmark qualification of an HNC/SVQ and obtain this within 5 years of starting to deliver funded ELC. As a professional membership organisation, SCMA is supportive of working towards a qualified workforce. However, there is an interesting dynamic within the childminding workforce in which a minority of the childminding workforce are not believed to possess a formal childcare qualification, but conversely childminders consistently, year-on-year, achieve higher ratings across all quality criteria through independent inspection by the Care Inspectorate than Daycare of Children's Services (local authority and private nurseries together). This should not be surprising as unlike nurseries, where many staff go straight from school into College and then start working, the main entry point to childminding is age 30-39 and often when women have started a family, wish to care for their child(ren), have a need to earn an income and also may wish to do something more rewarding. As such, many childminders enter the workforce from many different careers and professions with considerable life experience (including caring for their own family) and strong intentions.

The childminding workforce is ageing, with 1 in 4 now aged 55+. It was clear that when mandating a qualification against an ageing high-quality workforce that this could result in premature skills loss from the workforce, as there may be a cohort of childminders who have practiced for 15-20+ years and consistently achieved high inspection grades from the Care Inspectorate without a formal childcare qualification and for whom there would be little incentive to obtain this in later career stages. Ideally, progression of Recognition for Prior Learning (RPL) within ELC could have provided an alternative to obtaining the benchmark qualification for experienced childminders, but little progress has been made in developing RPL for ELC during the six years of expansion. As such, we had anticipated that there would be a decline in this age group. When surveying members on ELC earlier during ELC expansion the qualification requirement was a major barrier to some considering getting involved in delivering funded ELC. However this concern has been overtaken by the significant increase in bureaucracy and duplicative quality assurance during ELC expansion as the main challenge experienced by childminders. But this concern about the qualification requirement has not receded completely, is starting to crop up more in contact with later career stage childminders as we emerge from the pandemic and we still expect further premature skills loss will be experienced due to childminders leaving the workforce earlier. When considering this alongside the acute shortages of childminders all around Scotland, and ongoing discussions regarding potential workforce qualifications for those delivering school-aged childcare linked to the Programme for Government commitment to extend wraparound childcare, we believe there is a pressing need for the Scottish Government to introduce flexibility around the qualification requirement for childminders linked to this and in later age groups, so as to improve retention and reduce further premature skills loss.

Much as the Scottish Government introduced temporary flexibilities to the National Standard due to the pandemic, temporary flexibility could be introduced for this purpose with quality provided through CI inspection grade and CPL.

CONCLUSIONS & RECOMMENDATIONS

The #TellSCMA Childminding & You Survey 2022 was a significant undertaking and the findings have been extremely valuable in capturing large-scale in-depth data from the childminding workforce in Scotland on the inter-linked areas of the unsustainable increase in bureaucracy and duplicative quality assurance, childminders' experiences of ELC expansion, and childminders' cost pressures and business sustainability – particularly as if we consider these in reverse order childminders' business sustainability will depend heavily on our collective success in addressing the challenges presented for childminding by the implementation of ELC expansion and the resulting increase in bureaucracy and duplicative quality assurance.

It is also not enough when considering financial sustainability just to look at the mechanics of income, expenditure, profit margins and the ability to remain financially sustainable. We have to look beyond this –

- to understand and address the wider issues which affect businesses' earning potential and sustainability;
- to ensure that both existing and newly establishing businesses will be sustainable; and
- to take action on both retention and recruitment to ensure that the wider workforce of which these businesses are part is also sustainable and will provide the infrastructure required to support children and families, deliver current policies and future Programme for Government commitments to extend ELC down to one-year-olds and to develop a new system of wraparound school-aged childcare.

As such, we do not believe these latest findings on childminders' cost pressures should be looked at in isolation.

Turning to the main findings of the data captured on childminders' cost pressures, we believe this makes mixed reading -

Current capacity and post-COVID-19 demand

- on the one hand it is really encouraging that less than a year on from the removal of COVID-19 operating restrictions 50% of childminding businesses who responded are at full capacity and a further 25% have returned to 75-100% capacity. However, on the other it is concerning that 1 in 4 childminding businesses report they are still operating at less than 50% capacity. It is also clear that in many areas where childminders are at capacity, there is unmet demand and in some cases an extreme lack of childcare and specifically childminding;

- it is also of concern that approximately half of childminders report vacancies in their settings (69% of whom report 1-2 vacancies per setting), but this needs to be read with some caution as respondents have also reported that childminders are increasingly finding themselves with more children on their books, but only part-time and with some part-days available which suggest capacity, but may be difficult to "sell" to other parents as they are at odd times which don't match their needs. This is also linked to a reported increase in local authority nurseries promoting full days to parents where previously there may have been blended placements (with hours split between nurseries and childminders). This adds to some childminders' previously reported concerns that for those involved in delivering funded ELC, they can just receive fragments of hours which do not support their business sustainability after the bulk of hours have been allocated to local authority nurseries;

- the progress in many childminders' recovery of business post-COVID-19 also needs to be considered against the decline in the childminding workforce which has declined by 34% since 2016 during ELC expansion (with the loss of 1926 childminding businesses and 11,363 childminding places for families). This decline in the childminding workforce has accelerated as we have come out of the pandemic and is projected, without intervention, to reach 42% by July 2023, 50% by July 2024 and 64% by July 2026 – almost doubling the above losses. Shortages of childminders are being experienced around Scotland (with members who are at capacity reporting high levels of unmet demand for childminding and not enough childminders in their local areas); and measures aimed at improving retention and increasing the recruitment of childminders need to be scaled-up and accelerated;

Business Sustainability

- while concerns about business sustainability have reduced in comparison to at the height of the pandemic, over 1 in 3 childminders (35%) who responded are 'very concerned' or 'concerned' about their business sustainability (very concerned (14%), concerned (21%));

- 83% of all childminders who responded believe that cost of living increases pose the greatest risk to their business sustainability, influenced heavily by the significant and unsustainable increases in energy, fuel and food costs experienced by childminders as predominantly sole practitioners/business owners and even more pronounced in remote and rural areas;

- concerns about the cost of living were followed by a series of ELC-related concerns – not being able to compete with ELC nursery expansion (52%), parents being approached by nursery staff or health visitors advising them to place their children in nurseries rather than childminding (43%) and more local authorities now promoting full-day places with nurseries (42%) instead of half-day sessions and where previously blended placements would have been available. These concerns were more pronounced within partner provider childminders or those who have ceased to deliver funded ELC. These issues should be of particular note given that our SCMA ELC Audit 2022 reported that last year the increase in childminders delivering funded ELC was overtaken by childminders who had previously delivered funded ELC ceasing to do so.

Cost of Living Crisis

- 47% of childminders who responded reported that their business expenditure has increased by £100+ per month since the beginning of last year, 37% by £125+ per month, 26% by £150+ per month, 19% by £175+ per month and 11% by £200+ per month;

- 33% of childminders who responded have had to increase their childminding rates within this last year and 59% believe they may have no option but to increase their rates within 6-12 months; <u>recognising that many members are concerned that if they increase their rates this could result in a loss of business from parents also under financial pressure, SCMA has developed resources to support our members in increasing their rates and to help them to engage parents on this sensitive subject;</u>

- in real terms 61% of childminders who responded believed they would have to reduce the heating in their setting during this winter when children are present AND also have to switch the heating off in their family home while their own family are present (outwith setting hours) to be able to continue to heat their setting when it is open and children for whom they provide childcare are present.

- the cost of living increase has affected everyone, but childminders have been particularly badly affected, as –

    - all childminders are small business owners, the majority of childminders are sole workers/traders, childminding is not a high-income profession **and, as our survey results have also found, the majority do not earn the Real Living Wage;**
    - childminders provide childcare for children from 0 – 12 years (or 16 years in the case of Additional Support Needs) and their income is limited by their registered capacity (as approved by the Care Inspectorate); the majority of childminders are registered to provide childcare for no more than six children at any one time (no more than one child under 12 months, no more than three children under school age and no more than six children under

16 in total); registration numbers can be higher through the use of an assistant while maintaining these adult to child ratios;
  - given that childminding settings are based in the home, childminders' homes require continual heating;
  - much childminding practice involves caring for children before and after school or nursery as well as during the day. This requires frequent use of a car (with associated fuel costs) to undertake drop-off and pick-up of children in addition to regular trips outdoors.

- the ONS has reported that *"Electricity prices in the UK rose by 65.4% and gas prices by 128.9% in the year to November 2022, despite the introduction of the government's Energy Price Guarantee*". Looking ahead, the OECD has forecast that inflation is now expected to have peaked, but that while gradually reducing during the remainder of 2023 inflation will still remain high this year. As such, it is clear that the cost of living crisis will continue to pose significant risk to childminding businesses and that interim targeted financial support for childminders through the establishment by the Scottish Government of a Childminding (or Childcare) Cost of Living Support Fund (to provide financial assistance with increased energy, fuel and food costs) could provide a vital lifeline to support business sustainability and the delivery of current and future Scottish Government policy commitments.

Real Living Wage & Unpaid Hours

- the Scottish Government is committed to the extension of the RLW and SCMA is very supportive of the intent to increase the value of pay for all childminders and their assistants. The National Standard for ELC includes a requirement that partner providers delivering funded ELC should pay their staff the RLW. To date, this hasn't affected childminders greatly as the majority are sole workers and this requirement hasn't applied to them as individuals – just to any staff whom they employ. It had been our understanding that many childminders do not earn enough to pay themselves the RLW, and also that the sustainable rates paid to those delivering funded ELC were also not high enough to pay themselves the RLW. More recently the Scottish Government has signalled it's intent to progress the implementation of the RLW and Fair Pay in the ELC sector. While SCMA is also supportive of this intent, we believe there is a risk that if applied to childminders more widely this could widen gaps further between childminders (who may not be able to pay the RLW) and other providers (who can);

- only 33% of childminders (and 38% of partner provider childminders) who responded believed they could afford to pay themselves the RLW at the previous rate (of £9.90 per hour), reducing to only 18% of childminders (both all childminders and partner provider childminders) at the higher new rate (of £10.90 per hour from September 2022);

- 10% of childminders who responded work with and rely on an assistant, the majority of assistants are working voluntarily/unpaid (often family members) and for whom childminders would find it difficult to pay the RLW;

- clearly, these findings could have significant implications for childminders, disadvantage them and potentially prevent their participation in the delivery of funded ELC and future Programme for Government commitments on ELC for one-year-olds and a new system of wraparound school-age childcare. As such, it is clear that in the short term relaxation of the criteria within the National Standard in relation of the RLW may be required for childminders to enable their participation in funded ELC delivery to be followed by financial subsidy for childminders to enable them to implement the RLW, pay themselves and their assistants the RLW and to be able to benefit from this standard of pay;

- SCMA has also previously provided much evidence in relation to the significant increase in bureaucracy, paperwork and duplicative quality assurance which has been experienced during ELC expansion, the disproportionate effect this has had on childminders as predominantly sole workers and why this has become the main reason childminders have left or are planning to leave the childminding workforce. This latest survey quantified this further by capturing data on the level of additional work undertaken by childminders;

- 84% of childminders who responded are working an additional 3-4 hours or more, unpaid every week, and 40% an additional 7-8 hours or more, unpaid every week;

- unlike other early years practitioners who get 'time off the floor' for training, study and to undertake quality assurance and paperwork, sole practitioner childminders practice during the day and have to do everything else (quality assurance, training, studying, administration, finance, updating parents, marketing etc) unpaid and in their own time, in evenings and at weekends. The significant increase in bureaucracy, paperwork and duplicative quality assurance during ELC expansion has added to this, this is now unsustainable and childminders are having to reduce their practice (and income) by up to a day per week to support this or leave the childminding workforce. Data captured in another section of the #TellSCMA Childminding & You Survey 2022 on paperwork and ELC found that 53% of partner provider childminders who responded believe it unlikely or very unlikely that they will still be delivering funded ELC in two to three years' time if the level of paperwork is not reduced. As such, urgent action is required to both significantly reduce the level of bureaucracy, paperwork and quality assurance and to explore ways of enabling childminders to also receive funded 'time off the floor' during the day in line with other practitioners.

RECOMMENDATIONS

In recent years SCMA has undertaken much work to strengthen the evidence in relation to childminding during ELC expansion and also during the pandemic when we contributed heavily and closely to the national response to COVID-19 and similarly undertook extensive work to understand the adverse financial impact on the childminding workforce and to build the evidence to inform where financial support was required to support business sustainability. As noted earlier, we have taken a further lead by launching our current three year strategy in May 2021 to promote recovery, strengthen childminding, support families and increase choice – with at it's heart the development of a sustainable childminding workforce to support families and national policies and ambitions.

While we do not shy away from undertaking evidence-based advocacy and highlighting where change is required we are also solutions-focused, make constructive evidence-based recommendations for change and have demonstrated our willingness to lead and work collaboratively with others and to be part of the solution.

We believe the Scottish Government is increasingly recognising the acute decline in the childminding workforce and the need for targeted childminding-specific action to support it - through contributing funding, along with other partners, to the SRCP recruitment pilot last year and to the upcoming urban recruitment pilot, and also by directly funding the Reducing the Burdens pilot. We very much welcome this support, but believe the situation with the childminding workforce has become so critical that there is now a need to urgently accelerate and scale-up this support along with other partners and we make the following recommendations to the Scottish Government -

<u>On Retention</u>:

1. **COST OF LIVING INCREASES**: the Scottish Government should establish an interim Childminding (or wider Childcare Sector, if the evidence supports this) Cost of Living Support Fund during 2023 to provide financial support to childminders with energy, fuel and food costs.

2. **COST OF LIVING INCREASES:** the Scottish Government should engage with HMRC to increase the proportion of energy costs which childminding businesses can claim back as business use, recognising the significant increase in energy costs experienced.

3. **BUREAUCRACY, PAPERWORK & DUPLICATIVE QUALITY ASSURANCE:** short-, medium- and longer-term actions are required to tackle and reduce the levels of bureaucracy, paperwork and duplicative quality assurance which have increased significantly during ELC expansion:

   - **In the short-term** (within the next few months) we repeat our recommendations that the Scottish Government should convene, as matter of urgency, a national summit of all involved stakeholders to agree what duplicative aspects of quality assurance can be reduced or, indeed, removed quickly; and to plan how we can reduce and rationalise the number of related frameworks and outcomes reporting, and against an agreed timescale for change;

   - **In the medium-term**, and subject to successful evaluation, the Scottish Government should fund and extend access to the Reducing the Burdens CPL courses and template to the full childminding workforce and also implement and monitor adherence to the Good Practice Principles for Local Authorities Working with Childminders commissioned from, and to be developed by, SCMA in 2023; and

   - **In the longer-term** (within the next 2 years) develop a more childminding-specific single/shared inspection to be supported by a single/shared quality framework reflecting childminding practice from 0-12/16 years.

4. **REAL LIVING WAGE:** the Scottish Government should implement temporary flexibility within the National Standard for ELC to enable childminders who are unable to pay the RLW to assistants to deliver funded ELC while working towards becoming a RLW Employer.

5. **REAL LIVING WAGE:** the Scottish Government should explore the potential to provide a financial subsidy to childminders to enable them to pay themselves and their assistants the RLW and participate equitably in providing current and future statutory childcare entitlements which are important to business sustainability.

6. **ALLOW INCREASED FLEXIBILITY WITHIN CHILDMINDERS' REGISTERED NUMBERS LINKED TO LOCAL DEMAND FOR CHILDCARE**: the Scottish Government should agree with the Care Inspectorate and SCMA to provide increased flexibility within the maximum number of children that childminders are registered to provide childcare for at any one time, linked to local demand for childcare i.e. for those registered for a maximum of six children at any one time, childminders can currently provide care for no more than three of pre-school age including no more than one up to 12 months at any one time. Where no school-age children are present, and there is increased demand for pre-school childcare, childminders should have the flexibility to provide care for four pre-school age children (including not more than one under up to 12 months) at any one time. While childminders can request this from the Care Inspectorate as a variation to their registration, this should be presented as an option to all.

7. **FUNDED 'TIME OFF THE FLOOR' FOR CHILDMINDERS:** the Scottish Government should work with SCMA, Education Scotland, Care Inspectorate and local authorities to explore how childminders could be funded for 'time off the floor' during the day to undertake training and quality assurance in line with other early years practitioners.

8. **FUNDED ELC: FLEXIBILITY ON BENCHMARK QUALIFICATION REQUIREMENT FOR LATER CAREER STAGE CHILDMINDERS:** recognising the acute childminding workforce crisis and the need to avoid further premature skills loss and de-stabilisation, the Scottish Government should implement temporary flexibility to the National Standard on the requirement to

have obtained or be working towards the benchmark qualification for later career stage childminders (aged 50+, with CI grade of 'Good' or above and undertaking minimum of 12hrs of CPL per year).

On Recruitment:

9. **NATIONAL CHILDMINDING-SPECIFIC RECRUITMENT CAMPAIGN:** the Scottish Government should work with SCMA and others to develop a national partnership to support SCMA to scale-up and extend nationally our demographically-targeted, childminding-specific supported recruitment model**,** and contribute funding to this.

10. **CHILDMINDER MENTORING SCHEME:** the Scottish Government should contribute partnership funding to enable SCMA to pilot a childminder mentoring scheme to support new entrants to the childminding workforce by matching them with experienced SCMA members, support peer-to-peer learning and skills transfer.

To be underpinned by:

11. **NATIONAL CAMPAIGN TO PROMOTE THE BENEFITS OF CHILDMINDING DIRECTLY TO PARENTS:** SCMA has committed resources and funding to both the rural and urban childminder recruitment pilots, along with other partners, and has also created a designated fund from our reserves of £40,000 to develop and kick-start a national marketing campaign to promote childminding as a childcare option directly to parents to support the business sustainability of both existing and new childminding businesses around the country. This will build on the research commissioned by the Scottish Government and undertaken by Ipsos/MORI on 'Perceptions of the impact of childminding services on child, parent and family outcomes in Scotland' (2022), and other evidence and positively promote childminding as a form of childcare and an option for receipt of funded ELC entitlement. This will require additional partnership funding from other interested partners. We recommend that the Scottish Government should at least match fund SCMA's financial investment in this work.

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Chief Executive

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