

Rt Hon Rishi Sunak MP  
Chancellor of the Exchequer  
HM Treasury  
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Rt Hon Alok Sharma MP  
House of Commons  
Westminster  
London  
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6 May 2020

Dear Mr Sunak and Mr Sharma

**RE: Support for the early years sector during the coronavirus outbreak**

I am writing to you as Chief Executive of the Early Years Alliance, the largest early years membership organisation in England, with regard to the government's support for the childcare sector during the coronavirus crisis.

As you may be aware, we recently carried out a survey of over 3000 childminders, nurseries and pre-schools on their views on government support during this period, and the likely long-term viability of their businesses post-lockdown.

The results found that one in four childcare providers in England think that it is unlikely that they will still be operating in 12 months' time. Clearly, this would have an incredibly detrimental impact not only on the early learning experiences of our youngest children, but also on the ability of parents to return to the workplace, which in turn could have a devastating effect on the recovery of the British economy.

I know that the government has already unveiled a substantial package of support for businesses and workers across a range of sectors and industries. However, our survey highlighted a number of areas where early years providers are falling through the gaps of this support.

As such, I am writing to you to urge the government to take urgent steps to safeguard this vital sector and ensure that the tens of thousands of childcare settings who offer a critical service to parents across the country are given the support they need to survive the coronavirus crisis and beyond.

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## **JOB RETENTION SCHEME**

Undoubtedly, a fundamental challenge facing many settings in the sector is the last-minute change to guidance on the interaction between early entitlement funding and the Job Retention Scheme (JRS), limiting furlough claims to the proportion of their wage bill that is equivalent to the proportion of their income that is obtained from private sources.

While the principle of this guidance is reasonable, the change came after nurseries, pre-schools and childminders who employ assistants spent four weeks planning, budget and furloughing staff on the basis of the existing Department for Education guidance, which stated that settings could benefit from both schemes, with no reference to any potential conditions or limitations. Our survey found that 75% of eligible settings had understood that they would be able to access both schemes fully, and 71% had already furloughed staff, ahead of the publication of new guidance by the DfE on 17 April. As a result of this last-minute change, 47% of eligible settings say they may need to make staff redundant.

As I'm sure you are aware, there is a huge call for this change to be reversed: 170,000 people have signed an online petition to this effect, while around 4000 providers and 2500 parents have written to their local MP on this matter.

We recognise that the JRS is a broad scheme applying to multiple sectors; however, given that the government was able to develop specific restrictions to the scheme that only apply to early years settings and other businesses who receive a mix of public and private funding, there should be no reason that specific allowances to the childcare sector, recognising the negative impact that the last-minute guidance revision has had on providers, could not be introduced in the same way. As such, we urge the government to remove the restrictions placed on this scheme at the last-minute and to honour the original guidance issued to the sector, upon which the vast majority of early years settings made their business decisions and plans.

## **BUSINESS SUPPORT GRANTS**

We have received a huge amount of correspondence from childcare providers concerned about unfair discrepancies in the availability of business support grants for various sectors, and the exclusion of many small businesses in need of support as a result of the current overly-narrow eligibility criteria.

The Small Business Grant, which offers funding of £10,000 to businesses including childcare settings in receipt of relevant rate relief, is welcome support for those able to access it. However, because eligibility for this grant is based on receiving business rate relief, providers who by any other definition would be considered 'small businesses', but who aren't registered for rate relief (because, for example, they are based in premises that have no rateable value, or because they rent their premises) are excluded.

This is clearly unfair and contradicts the clear aims of the grant to support small businesses through this crisis. We note that an additional discretionary fund aimed at small businesses with ongoing fixed property-related costs who are not eligible for the business grants funds scheme has been launched, and that the government has asked local authorities to "prioritise businesses in shared spaces, regular market traders, small charity properties that would meet the criteria for Small Business Rates Relief, and bed and breakfasts that pay council tax rather than business rates". It is our view that either this recommended prioritisation should immediately be extended to include childcare settings who fall outside of the scope of existing business grants, including childminders (discussed in more detail below), or that the eligibility criteria for the original scheme should be amended to ensure that childcare business who are not registered for rate relief are still able to apply.

In addition, while eligible businesses in the retail, hospitality and leisure sectors with a rateable value of between £15,000 and £51,000 are able to receive a £25,000 grant from government, such support does not extend to the childcare sector. This is clearly unfair and inconsistent and is having a significant impact on those providers whose rateable values mean that they are not eligible for the Small Business Grant, but who are still struggling financially. As such, in the same way that the business rates holiday was extended from its initial application to the retail, hospitality and leisure sectors to include childcare providers, we urge the government to introduce a grant fund for childcare providers that is equivalent to the Retail, Hospitality and Leisure Grant Fund in term of financial support.

## **CHILDMINDER SUPPORT**

The 36,000 childminders who deliver early care and education to children across England are a vital part of our sector.

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

In addition, it is important to remember, on average, funded children only account for a small of childminder places (for example, in 2019, only 2% of three-year-olds took up their funded entitlement with a childminder). This means that the government commitment to continue providing early entitlement funding to local authorities during the coronavirus outbreak offers very little financial support to many childminders across the country.

Many childminders have also fed back to us that the support they are able to receive via Universal Credit is extremely limited, due to their partner's income or current savings. This means that many are facing the prospect of little to no support from government during this incredibly difficult time.

For newly-employed childminders, who fall outside of the eligibility criteria for the Self-employed Income Support Scheme, the outlook is particularly concerning and as things stand, we risk losing these thousands of hard-working professionals from the sector altogether.

We urge the government therefore to commit to a comprehensive package of support for childminders, including: the provision of an advance on the Self-employed Income Support Scheme to ensure that childminders receive the help they need ahead of June, to reflect the pivotal role that they, like all childcare providers, will play in helping to restart the economy; enhanced financial support to cover loss of earnings for all childminders, including those who are newly-registered; and for 2019/20 tax-returns to be taken into account for the purposes of the Self-employed Income Support Scheme.

We know that the ongoing financial support being provided by the government is costly, but the long-term sustainability of the childcare sector is absolutely pivotal to the ability of parents to return to work post-lockdown.

As such, we ask that the government views the above recommendations not simply as spending, but as a wholly necessary investment into the economy as a whole.

I would be very happy to discuss the above in further detail, and look forward to your response.

With kindest regards



**Neil Leitch**  
Chief executive, Early Years Alliance