



BRIEFING PAPER

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Coronavirus: Childcare FAQs

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Summary

The Government has stated that the coronavirus outbreak presents “particular challenges and risks to those operating in an educational or childcare context.” This is both because of the need or tendency for people to learn in groups and because of the harmful impact that a break in education may have on a child’s development and progression to further study or employment.

What is in the best interests of those in education and childcare settings during the outbreak will, the Government believes, “vary according to the level of risk which presents itself in a particular place at a particular time.”¹

This briefing paper provides brief information in response to some key questions regarding the impact of the coronavirus outbreak on childcare providers and parents whose children attend such settings, including:

- The position on the opening of childcare providers, including under the current national lockdown.
- Whether childcare providers are required to follow the Early Years Foundation Stage (EYFS) statutory framework
- The financial impact of the coronavirus outbreak on childcare providers.
- What safety measures childcare providers are required to put in place.
- What happens when a child attending an early years provider tests positive for Covid-19.

The final section provides information on the current rules relating to informal childcare provided by friends and family during the coronavirus outbreak, including the forming of childcare bubbles and support bubbles.

This is a fast-moving issue and the briefing should be read as correct at the time of publication. The briefing covers England only.

¹ [Coronavirus Bill Explanatory Notes](#), paras 70-1.

1. Accessing formal childcare

1.1 What is the current guidance for parents, carers and childcare providers?

The Department for Education (DfE) has published a range of guidance relating to providing and accessing childcare during the coronavirus outbreak. The key current general guidance includes:

- DfE, [What parents and carers need to know about early years providers, schools and colleges in the autumn term](#), 31 December 2020.
- DfE, [Actions for early years and childcare providers during the coronavirus \(COVID-19\) outbreak](#), 7 January 2021.
- Department for Education, [Education and childcare settings: national lockdown from 5 January 2021](#), 7 January 2021.
- Department of Health and Social Care (DHSC), [National lockdown: Stay at Home](#), 5 January 2020.

1.2 What is the current position on the opening of childcare providers?

Closures during first national lockdown

In a [statement](#) on 18 March 2020, the Education Secretary, Gavin Williamson, announced that after schools in England shut their gates on Friday 20 March they would “remain closed until further notice. He added that the Government expected early years providers to do the same.² This covered all children at registered childcare providers, including nurseries and childminders.³

Along with schools, however, childcare providers were asked by the Government to “remain open for children of critical workers and vulnerable children where they [could].”⁴

Re-opening from 1 June 2020

On 11 May 2020, the Government published [Our plan to rebuild: The UK Government’s COVID-19 recovery strategy](#), which set out a timetable for the lifting of restrictions in three steps.

The plan stated that, as part of the second step in lifting restrictions, schools should prepare to begin to be open for more children from 1 June 2020. It added that the “the Government expects children to be able to return to early years settings...from this point.”⁵ Guidance published by the DfE on 11 May 2020 confirmed that childcare settings

² HC Deb, [Educational Settings](#), vol 673, c 1083, 18 March 2020.

³ Department for Education (DfE), [Closure of educational settings: information for parents and carers](#), 20 March 2020.

⁴ DfE, [What parents and carers need to know about schools and other education settings during the coronavirus outbreak](#), 11 May 2020.

⁵ Cabinet Office, [Our plan to rebuild: The UK Government’s COVID-19 recovery strategy](#), 11 May 2020, p30.

would be asked to open for all children from this point, subject to the Government's five tests being met at the time.

On 28 May, the Prime Minister confirmed that the five tests were being met and thus early years settings, including childminders, were able to open to all children from 1 June, but with safety measures in place (see section 2.4 for more details).⁶

On 2 July 2020, the Government [announced](#) that restrictions on group sizes in early years settings which had initially been in place would be lifted from 20 July in order to allow them to "fully re-open."⁷

This has remained the position, with childcare providers in England able to remain open under all levels of the previous tiered system of local restrictions, the November national lockdown, and the current national lockdown (see below).

DfE contingency framework

On 27 November 2020, the DfE published a [contingency framework](#) setting out how any future restrictions would be implemented "for the rare circumstances in which they are required to address transmission within education settings and the community." The guidance, which was last updated on 7 January 2021, reiterates that the default position is that childcare settings should continue to operate as normal in all areas, irrespective of local restriction tiers. It adds that: "Any decision to initiate local restrictions to any childcare or education settings will not be taken lightly and will be made by a ministerial decision on a case-by-case basis in the light of local and national circumstances."

The guidance states the following regarding early years settings in the event that the contingency framework is implemented:

Where the contingency framework is implemented, all early years settings (including nurseries and childminders) should continue allowing all children to attend.

In the very unlikely event that evidence supports limiting attendance in early years settings, DfE may advise that only vulnerable children and children of critical workers should be allowed to attend.⁸

The [DfE's guidance for providers](#) states that any measures "will be implemented in the fewest number of early years settings, for the shortest time."⁹

Current national lockdown

On 4 January 2021, the Prime Minister announced that all primary schools, secondary schools and colleges would move to remote learning, except for vulnerable children and the children of key workers, until February half term. He added, however, that early years providers

⁶ DfE, [Actions for early years and childcare providers during the coronavirus \(COVID-19\) outbreak](#), 2 July 2020.

⁷ DfE, [Schools and colleges to reopen in full in September](#), 2 July 2020.

⁸ DfE, [Contingency framework: education and childcare settings \(excluding universities\)](#), 27 November 2020.

⁹ DfE, [Actions for early years and childcare providers during the coronavirus \(COVID-19\) outbreak](#), 7 January 2021.

will remain open for all children.¹⁰ This includes early years registered nurseries and childminders, maintained nursery schools, as well as nursery classes in schools and other pre-reception provision on school sites. Nannies can also continue to provide services, including in the home.¹¹ Further information is provided in [guidance for early years settings during the national lockdown](#), published by the DfE on 7 January 2021.

Some concerns have been raised about early years settings being treated differently to schools during the current national lockdown. In a letter to the Education Secretary on 3 January 2021, for example, the Early Years Alliance expressed “deep concern, frustration and anger around the omission of the early years sector from important discussions around the operation of education providers in England during the spring term.”¹² Unison has additionally contended that early years settings should close to all but vulnerable children and the children of key workers.¹³

In a letter to the Minister, Vicky Ford, Tulip Siddiq, the Shadow Minister for Children and Early Years also raised questions and concerns and called on the Government “to set out clearly and in detail the scientific basis of the decision to keep nurseries open when primary schools are moving to remote learning on grounds of public health.”¹⁴

On 5 January 2021, the Early Years Alliance reported that it had received a response from the DfE to queries it had raised on why early years providers have been asked to stay open while schools have been instructed to close. Among other things, the DfE’s response stated:

- The wider restrictions in place as part of the national lockdown enable the Government to prioritise keeping early years settings open.
- Early years settings remain low risk environments for children and staff. 0-5 year olds continue to have the lowest confirmed rates of coronavirus of all age groups, and there is no evidence that the new variant of coronavirus disproportionately affects young children.
- Early evidence from SAGE showed that early years provision had a smaller relative impact on transmission rate than primary schools, which in turn had a smaller relative impact than secondary schools.¹⁵

¹⁰ Prime Minister’s Office, [Prime Minister announces national lockdown](#), 4 January 2021.

¹¹ DfE, [Education and childcare settings: national lockdown from 5 January 2021](#), 7 January 2021.

¹² Early Years Alliance, [Alliance writes to Gavin Williamson over “appalling” exclusion of early years from schools reopening discussions](#), 3 January 2021.

¹³ [Unison calls for nurseries in England to close amid third Covid lockdown](#), Guardian, 5 January 2021.

¹⁴ [Early years settings in the new national lockdown](#), Letter from Tulip Siddiq MP to Vicky Ford MP, 5 January 2021.

¹⁵ Early Years Alliance, [DfE provides update on rationale behind decision to keep early years providers open](#), 5 January 2021.

This rationale is also set out in the DfE's [guidance for early years settings during the national lockdown](#).¹⁶

Do all childcare providers have to be open?

No. DfE [guidance for providers](#) acknowledges that some settings may be unable to open, particularly if they are experiencing staff shortages due to self-isolation and sickness, or low levels of demand. It adds that local authorities "will work with local settings to determine the best way to ensure sufficient childcare."¹⁷

What if a child's usual provider is not able to accommodate them?

The [DfE's guidance for childcare providers](#) sets out that local authorities should work with childcare providers in their area to ensure there are sufficient places:

Local authorities are responsible for:

- monitoring demand and capacity for childcare and should work with early years settings to ensure there are sufficient places to cater for those in priority groups as well as meeting local need. This may involve providing places in alternative settings if necessary or working with neighbouring local authorities to co-ordinate provision while keeping in mind the impact on children and families.¹⁸

On 23 April 2020, the Government announced that, in exceptional circumstances, local authorities could move Government funding for the early years entitlements between settings if necessary to make sure that sufficient childcare places are available for vulnerable children and the children of critical workers.¹⁹ On 28 April 2020, the DfE published [guidance on the use of the early entitlements funding during the coronavirus outbreak](#), which provided further information.

The guidance was updated in December 2020 to cover the spring term 2021. The updated guidance states that "Local authorities should return to the normal funding approach (that is, 'funding following the child') for all providers from 1 January 2021."²⁰

1.3 Should parents be charged if their usual childcare provider is unable to accommodate their child?

There have been reports of some parents being required to pay fees while their childcare provider is closed as a result of the coronavirus

¹⁶ DfE, [Education and childcare settings: national lockdown from 5 January 2021](#), 7 January 2021, pp3-4.

¹⁷ DfE, [Actions for early years and childcare providers during the coronavirus \(COVID-19\) outbreak](#), 7 January 2021.

¹⁸ As above.

¹⁹ DfE, [Councils given flexibility with free childcare funding](#), 23 April 2020.

²⁰ DfE, [Use of free early education entitlements funding during the coronavirus outbreak](#), 17 December 2020.

outbreak. This was raised as an issue particularly during the first national lockdown.

Policies on fees and enforced closures should be set out in contracts and terms and conditions agreed between parents and childcare providers. Although these will not mention coronavirus specifically, they may include the policy on enforced closures more generally. Parents may like to check the terms and conditions set out by their childcare provider and discuss any concerns they have with the provider.

On 30 April 2020, the Competition and Markets Authority (CMA) [announced](#) that it had started a programme of work to investigate reports of businesses failing to respect cancellation rights during the coronavirus outbreak. The announcement said that the CMA had seen increasing numbers of complaints in relation to cancellation and refunds, including “nurseries asking people to pay very high sums in order to keep a place open for their child.” Based on the complaints received, the CMA stated that it had identified three sectors of particular concern, one of which was nurseries and childcare providers, which it would tackle as a priority.²¹

In July 2020, in an [open letter to the early years sector](#), the CMA stated that it would not take any enforcement action against childcare providers following the investigation, but would continue to monitor the sector. The letter additionally set out the CMA’s view on three issues raised during the investigation, including providers requiring full fees for services which are not being carried out.²²

Further information is provided in the DfE’s [guidance for early years settings during the national lockdown](#). This states that:

The general principle is that providers should not charge parents or carers for services that cannot be provided. If there is a barrier to accessing childcare, based on government guidance or the law, the provider should not charge the parents or carers for this period.

For example, from 28 September 2020, people in England are required by law to self-isolate if they test positive for coronavirus (COVID-19) or are contacted by NHS Test and Trace. Accordingly, if a child is self-isolating having been contacted by NHS Test and Trace, the provider should not charge the parent or carer for this period.²³

1.4 Are parents eligible for support with childcare costs if their circumstances have changed?

On 5 May 2020, the Government [announced](#) that “parents who are normally eligible for the government’s childcare offers [would] continue receiving the entitlements during the summer term if their income levels [fell] due to the impact of coronavirus.” The announcement further

²¹ CMA, [COVID-19: CMA to investigate cancellation policy concerns](#), 30 April 2020.

²² CMA, [CMA open letter to the early years sector](#), 28 July 2020.

²³ DfE, [Education and childcare settings: national lockdown from 5 January 2021](#), 7 January 2021, p13.

explained: “any working parent usually eligible for 30 hours free childcare or Tax-Free Childcare will remain eligible if they fall below the minimum income requirement due to COVID-19.” The flexibilities were subsequently extended to 31 October 2020.

From 1 November 2020, eligible working parents may still remain eligible for the 30 hours offer and Tax Free Childcare if their income temporarily falls below the minimum income threshold for the schemes. They must, however, be furloughed through the Coronavirus Job Retention Scheme or claiming a Self-Employment Income Support grant.²⁴

In addition, parents who are critical workers remain eligible for these entitlements if their income exceeds the income threshold for the 2020-21 tax year.

Further information is available in the [DfE’s guidance for childcare providers](#).²⁵

Information on Government support with childcare costs more generally is available in Library Briefing 8054, [Childcare: support with costs \(England\)](#).

1.5 What should parents do if a child has symptoms or tests positive for Covid-19?

Childcare providers are asked to manage confirmed cases of Covid-19 in line with current public health guidance (for more information see section 2.3). This means that a child may be asked to self-isolate for 10 days if they have been in close contact with somebody who has tested positive for Covid-19.

The DfE’s guidance for parents states that parents should not send their child to their early years setting if they or someone in their household is showing symptoms of coronavirus. It adds that they should arrange a test and inform the childcare provider of the result. If the test is positive, the [guidance for households with possible or confirmed coronavirus \(COVID-19\) infection](#) should be followed.²⁶

In [response to a parliamentary question on 17 November](#), the Minister, Vicky Ford, outlined the possible sources of support with childcare costs in the event that a family is required to self-isolate.²⁷

²⁴ DfE, [Protections for working parents eligible for childcare support](#), 26 October 2020; [Tax-Free Childcare](#), Gov.uk, accessed 1 December 2020; [30 hours free childcare](#), Gov.uk, accessed 1 December 2020.

²⁵ DfE, [Actions for early years and childcare providers during the coronavirus \(COVID-19\) outbreak](#), 7 January 2021.

²⁶ DfE, [What parents and carers need to know about early years providers, schools and colleges](#), 31 December 2020.

²⁷ [PO114314](#), 17 November 2020.

2. Childcare providers during the coronavirus outbreak

2.1 Do childcare providers that are open have to follow the Early Years Foundation Stage?

The [Early Years Foundation Stage \(EYFS\) statutory framework](#) sets the standards that all early years providers must meet to ensure that children aged 0 to 5 learn and develop well and are kept healthy and safe.

On 23 April 2020, the Government laid [regulations](#) temporarily disapplying and modifying certain elements of the EYFS statutory framework.²⁸ For example, the regulations provided that early years providers would be required to use “reasonable endeavours” to meet the learning and development requirements outlined in the EYFS, instead of this being something they “must do”.²⁹

The Government stated that the regulations allowed “providers greater flexibility to respond to changes in workforce availability and potential fluctuations in demand, while still providing care that is high quality and safe.”³⁰

The regulations came into force on 24 April and remained in force until 25 September 2020.³¹

What happened after 25 September 2020?

From 26 September 2020, all the learning and development, and assessment disapplications ceased to apply and early years providers were required to reinstate the EYFS in full in these areas. Provisions were made in the regulations, however, for certain disapplications (including on staffing levels) to continue for a transitional period of up to two months. Providers were required to work to re-instate these requirements by 26 November 2020.

In addition, the Government has made [further regulations](#) providing that an early years setting may disapply further requirements of the EYFS where it is not reasonably practicable for them to adhere to the requirements as a result of government-imposed coronavirus-related restrictions. The regulations will remain in force until 31 August 2021.³²

Statutory guidance published by the DfE, [Early years foundation stage: coronavirus disapplications](#), explains as follows:

The updated disapplications cover the period between 26 September 2020 and 31 August 2021. If during this time the

²⁸ [The Early Years Foundation Stage \(Learning and Development and Welfare Requirements\) \(Coronavirus\) \(Amendment\) Regulations 2020](#), SI 2020/444.

²⁹ DfE, [Early years foundation stage: coronavirus disapplications](#), 7 October 2020 2020.

³⁰ As above.

³¹ As above.

³² [The Early Years Foundation Stage \(Learning and Development and Welfare Requirements\) \(Coronavirus\) \(Amendment\) \(No. 2\) Regulations 2020](#), SI 2020/939.

government confirms that an area will be subject to coronavirus (COVID-19) related requirements or restrictions (referred to in here as the period of intervention related to coronavirus), and those restrictions prevent an early years provider from meeting the requirements of the EYFS, the disapplications can be used. These will begin immediately and will last throughout the period of the restrictions (as governed by the regulations or direction). There will be a 2 week transition period once the relevant restrictions are lifted.³³

The guidance provides more detail on the areas of the EYFS that may be disappplied and in what circumstances.

2.2 How many children are attending childcare settings?

[Statistics published by the DfE](#) provide a summary of attendance in early years settings from Thursday 16 April. They are updated on a weekly basis.

The latest data at the time of writing showed that, on 10 December (i.e. before the current national lockdown was announced) 81% of early years settings were open and 8% were closed (the status of 10% of settings was unknown).

It was estimated that 792,000 children attended early years settings on 10 December, representing around 61% of children who normally attend during term time. However, the DfE notes that, as many children attend early years settings on a part-time basis, it would not be expected that all of them would be in attendance on a particular day. It adds that on a typical day in the autumn term, it would expect attendance to be 929,000. The 792,000 children attending on 10 December is therefore approximately 85% of the usual daily level.³⁴

Attendance during the first national lockdown

On 1 July 2020, the Sutton Trust published a [research brief](#) looking at the impact of COVID-19 on the early years sector. Based on analysis of a You Gov survey of parents, two surveys of providers, and a case study of providers in Birmingham, the report stated:

- Of those who had formal childcare arrangements, only 7% of children continued to attend throughout the lockdown period. 83% reported that their child had not returned to formal provision by June, with 49% reporting that their child was unlikely to return that month.
- 67% of providers in the private, voluntary and independent (PVI) sector reported being temporarily closed during lockdown. 65% of PVI providers expected to reopen on 1 June, with 20% expecting not to and 15% uncertain.³⁵

³³ DfE, [Early years foundation stage: coronavirus disapplications](#), 9 December 2020.

³⁴ DfE, [Attendance in education and early years settings during the coronavirus \(COVID-19\) outbreak](#), 1 December 2020.

³⁵ Sutton Trust, [COVID-19 and Social Mobility Impact Brief #4: Early Years](#), July 2020, p1.

2.3 What safety measures should providers put in place?

The DfE guidance for [early years and childcare providers during the coronavirus outbreak](#) states that “Settings must comply with health and safety law, which requires them to assess risks and put in place proportionate control measures.” It adds that settings should “have active arrangements in place to monitor that the controls are effective, working as planned, and updated appropriately, for example when any issues are identified, or when there are changes in public health advice.”

The guidance sets out a “system of controls” that settings should work through once they have assessed their risk. It states that settings should “[adopt] measures in a way that addresses these risks, works for their setting, and in line with the learning and development needs of children.”

The system of controls is grouped into ‘prevention’ and ‘response to any infection’:

Prevention

1. Minimise contact with individuals who are unwell by ensuring that those who have coronavirus (COVID-19) symptoms or who have someone in their household who does or have been advised by NHS test and trace to self-isolate, do not attend settings.
2. Where recommended, the use of face coverings [the guidance sets out more detail on when face coverings need to be worn. Universal use of face coverings is not recommended].
3. Clean hands thoroughly and more often than usual.
4. Ensure good respiratory hygiene by promoting the ‘catch it, bin it, kill it’ approach.
5. Maintain enhanced cleaning, including cleaning frequently touched surfaces often using standard products, such as detergents and bleach.
6. Minimise contact between groups where possible.
7. Where necessary, wear appropriate personal protective equipment (PPE).
8. Keep occupied spaces well ventilated.

Numbers 1, 3, 4, 5 and 8 must be in place in all settings, all the time.

Numbers 2 and 6 must be properly considered, and settings must put in place measures that suit their particular circumstances.

Numbers 7 applies in all specific circumstances.

Response to any infection

8. Engage with the NHS Test and Trace process.
9. Manage and report to Ofsted and the PHE advice line confirmed cases, of coronavirus (COVID-19) amongst the setting community.

10. Contain any outbreak by following local health protection team advice

Numbers 9 to 11 must be followed in every case where they are relevant.

The guidance provides more detail on each of the actions.³⁶ Further guidance is also provided in the DfE's [guidance for early years settings during the national lockdown](#).³⁷

2.4 What happens if there is a confirmed case or a child develops symptoms?

The DfE guidance for provides sets out what will happen if there is a confirmed case of coronavirus in a childcare setting. In summary:

- Providers must notify Ofsted of any confirmed cases in the setting.
- Providers can contact a dedicated advice service introduced by Public Health England (PHE) for advice on what action to take in response to a positive case. If further expert advice is required the adviser may refer the case to the local PHE local health protection team.
- Settings should send home those who have been in close contact with the person who has tested positive and advise them to self-isolate for 10 days.
- Household members of those who are sent home do not need to self-isolate unless the person who is self-isolating subsequently develops symptoms.
- Settings should not request evidence of negative test results before admitting children after a period of self-isolation.
- If a parent insists on a child with symptoms attending a setting, the setting can refuse the child "if in their reasonable judgement it is necessary to protect their children and staff from possible infection with coronavirus."
- If settings have two or more confirmed cases of Covid-19 within 14 days, or if they see an increase in sickness absence where coronavirus is suspected, they should work with their local health protection team who will advise on what action is needed. Closure will not usually be necessary, but some groups may have to self-isolate.³⁸

2.5 How do childcare providers get tests?

Like other schools, from 26 August 2020 primary schools with nurseries and local authority maintained nursery schools were provided with an initial batch of 10 home-testing kits; since 16 September they have been able to order more. The Government advises that these kits "should

³⁶ DfE, [Actions for early years and childcare providers during the coronavirus \(COVID-19\) outbreak](#), 7 January 2021.

³⁷ DfE, [Education and childcare settings: national lockdown from 5 January 2021](#), 7 January 2021, pp3-4.

³⁸ DfE, [Actions for early years and childcare providers during the coronavirus \(COVID-19\) outbreak](#), 7 January 2021.

only be used in the exceptional circumstance that an individual becomes symptomatic and you believe they may have barriers to accessing testing elsewhere.”³⁹ Other early years providers were not given home-testing kits in the same way.

Employers can refer essential workers for testing if they are self-isolating because either they or a member of their household have coronavirus symptoms. This includes childcare workers.⁴⁰

In [response to a parliamentary question](#) on 24 November 2020, the Minister, Vicky Ford, said that, although the DfE does not supply home tests for private, voluntary and independent early years settings, “all essential workers continue to have access to priority testing via the online booking portal. This applies to all education and childcare workers, including those working in early years settings.”⁴¹

With regards to accessing tests, the DfE’s guidance for early years providers, which was last updated on 14 December, states:

The government will ensure that it is as easy as possible to get a test through a wide range of routes that are locally accessible, fast and convenient. We will release more details on new testing avenues as and when they become available and we will work with early years settings, so they understand the easiest route to get a test.⁴²

2.6 What has been the financial impact on childcare providers?

The coronavirus outbreak has impacted financially on childcare providers, including because of the enforced closures during the first national lockdown and lower levels of attendance since then, and due to the increased costs associated with infection prevention and control measures. A survey report published by the early years charity [Early Education](#) in October 2020, for example, suggested that the proportion of maintained nursery schools expecting to balance their budget at the end of 2020-21 had fallen from 51% to 28% as a result of the pandemic.⁴³

In a September 2020 report, the Institute for Fiscal Studies (IFS) [estimated](#) that “a quarter of private nurseries might have been operating at a significant deficit” during the first national lockdown, compared to 11% before the pandemic.⁴⁴

With regards to the impact of lower attendance, the IFS estimated that “for every 5 percentage point drop in fee income between 5% and 25% compared with pre-crisis levels, an additional 3–4 percentage

³⁹ DfE, [Coronavirus \(COVID-19\): test kits for schools and FE providers](#), 22 September 2020; [PQ 91680](#), 23 September 2020.

⁴⁰ DHSC, [Coronavirus \(COVID-19\): getting tested](#), 5 October 2020.

⁴¹ [PQ116603](#), 24 November 2020.

⁴² DfE, [Actions for early years and childcare providers during the coronavirus \(COVID-19\) outbreak](#), 7 January 2021.

⁴³ Early Education, NAHT, NEU and UNISON [Maintained nursery schools and COVID-19: vital community services on a cliff-edge](#), October 2020.

⁴⁴ Institute for Fiscal Studies (IFS), [Challenges for the childcare market: the implications of COVID-19 for childcare providers in England](#), 4 September 2020, pp8-9

points of providers are likely to face a significant deficit". The extent to which government support for the sector will be needed depends, the IFS has said, on how the market adjusts to changing levels of demand:

Before the pandemic, the childcare market featured significant turnover and there was some spare capacity at around 70% of providers, suggesting that the market is mature and could potentially adjust to rises and falls in demand (at least at the national level). But the current fall in demand is unprecedented and the blow to providers' finances could force some to close or shed places. So policymakers will need to monitor whether (and where) capacity comes back when demand starts to return. There are also risks around losing capacity for particular age groups or at particular provider types.⁴⁵

Financial sustainability of providers

Concerns have been raised that the additional financial pressures caused by the coronavirus outbreak could force some providers to close.

For example, in an October 2020 report, [Education Policy responses across the UK to the pandemic](#), the Education Policy Institute provided a summary of surveys and studies to date on the extent of pressures or closures of early years settings. Noting that there are indications that many providers were struggling to cover costs even before the pandemic, the report stated: "we know that settings were vulnerable to this crisis in a number of ways, and that without the right kinds of government support, many providers would be forced to close."⁴⁶

In a DfE-commissioned [survey](#) conducted between 2 July and 20 July, a nationally representative sample of group-based early years providers and childminders were asked, based on what they knew at the time, "how long they were reasonably confident that it would be financially sustainable to continue to run their childcare provision." 45 per cent of open group-based providers and 55 per cent of open childminders reported that it would be financially sustainable to continue for another year or longer. The survey report, published in October 2020, emphasised, however, that providers at this time were not aware of subsequent developments:

It is important to note that this survey was conducted before the Government's announcement on 20 July that Local Authorities would continue to be funded for the Autumn term at broadly the levels they would have expected to see in the 2020 autumn term had there been no coronavirus outbreak, which may or may not have influenced how open GBPs [Group based providers] or open CMs [Child Minders] may have responded to this question. Furthermore, it is likely that providers answered this based on parent demand and child attendance in July, which has since

⁴⁵ Institute for Fiscal Studies (IFS), [Challenges for the childcare market: the implications of COVID-19 for childcare providers in England](#), 4 September 2020, pp11-12. See also, section 2.3 of, IFS, [2020 annual report on education spending in England](#), November 2020.

⁴⁶ Education Policy Institute, [Education Policy responses across the UK to the pandemic](#), October 2020, pp22-3.

increased; an estimated 761,000 children attended early years settings on 15 October.⁴⁷

On 30 October 2020, the Early Years Alliance [stated](#) that in a survey of early years providers, only a quarter of respondents expected to make a profit between then and March 2021, and one in six thought they could close by Christmas without additional funding. It called on the Government to “commit to a £240 million Early Years Sufficiency Fund at the [then] upcoming Spending Review”.⁴⁸

In a November 2020 [briefing on the early years sector](#), Ofsted said that, of 208 providers surveyed, around 65 per cent were “not worried” that their business would have to close. Ofsted also reported the number of providers registered with Ofsted had increased slightly from 31 March to 31 August, from 75,068 to 75,336, though the number of registered childminders fell faster than in previous years, from 36,972 to 36,631 in the same period.⁴⁹

Concerns have also been raised concerning the potential additional impact of the current national lockdown. For example, in a letter sent on 5 January 2021 to the Minister, Vicky Ford, the Shadow Minister for Children and Early Years, Tulip Siddiq, stated that the current lockdown was “likely to wipe out much of the demand for childcare, which was already substantially lower than usual.” She added that “allowing early years settings to stay open will not be enough to ensure their survival” and called on the Government to “target financial support at the early years sector and rethink the misguided decision to change early years funding from this month so that it is based on current occupancy rather than pre-Covid occupancy levels” (see below and section 1.2 above for further information about the change being referred to).⁵⁰

In a letter to the Education Secretary on 3 January, the Early Years Alliance similarly stated:

...the ongoing lack of financial support being offered to providers at a time when the closure of so many sectors means that demand for early years care and education is likely to remain significantly reduced, and it is clear that the early years sector has been – and continues to be – treated appallingly. The decision to remove early education funding support at a time when other schemes such as the Job Retention Scheme have been extended is particularly indefensible, and given the likely impact of the heightened restrictions on demand for childcare services, it is vital that this support is reinstated as soon as possible.⁵¹

Further information on early years funding, including prior to the coronavirus outbreak is provided in the Library Briefing, [Early years funding \(England\)](#).

⁴⁷ DfE, [Survey of Childcare and Early Years Providers and COVID-19](#), October 2020, pp10-11.

⁴⁸ Early Years Alliance, [Alliance calls for £240m early years funding in Spending Review](#), 30 October 2020.

⁴⁹ Ofsted, [Covid-19 series: Briefing on early years](#), October 2020, p9.

⁵⁰ [Early years settings in the new national lockdown](#), Letter from Tulip Siddiq MP to Vicky Ford MP, 5 January 2021.

⁵¹ Early Years Alliance, [Alliance writes to Gavin Williamson over "appalling" exclusion of early years from schools reopening discussions](#), 3 January 2021.

What financial support is available to childcare providers?

The Government has announced a range of measures aimed at supporting the early years sector during the coronavirus outbreak (further information on the financial impact of the pandemic on the sector is provided in section 5.2).

- On 17 March 2020, the Government [announced](#) that it would **continue to pay funding to local authorities for the early education entitlements for two, three and four year olds** during any periods of nursery, pre-school or childminder closures, or when children cannot attend due to coronavirus. The DfE set out an expectation that local authorities should continue to pass on the funding they receive to providers.⁵²
- On 18 March 2020, the Government [announced](#) that non-local authority providers of childcare will **pay no business rates in the 2020-21** financial year. Local authorities will, the announcement said, be compensated for this measure.
- On 20 July, the Government [announced](#) that for the autumn term 2020, it would **continue to fund local authorities for childcare based on attendance levels prior to the coronavirus outbreak** (using census data from January 2020), even if fewer children are now attending. It has additionally stated local authorities should continue to fund providers which are open “at broadly the levels they would have expected...had there been no coronavirus (COVID-19) pandemic.”⁵³ The Government has stated that it will return to the normal funding process from the start of 2021, with funding based on the January 2021 census. However, top-ups will be provided in certain circumstances. Further information is provided in guidance published by the DfE: [Use of free early education entitlements funding during coronavirus \(COVID-19\)](#).

A range of measures aimed at supporting businesses generally have also been announced, which childcare providers may be able to access depending on their circumstances. This has included, for example, the Coronavirus Job Retention Scheme, the Job Support Scheme, a small business grant, and an income support scheme for the self-employed.

Further information on the support available is provided in guidance published by the DfE: [Coronavirus \(COVID-19\): financial support for education, early years and children’s social care](#).

In [response to a parliamentary question](#) on 20 November 2020, the Minister, Vicky Ford, outlined the support provided to the early years sector during the pandemic and stated that the Government continued “to work closely with both local authorities and the early years sector organisations to monitor the impact of the COVID-19 outbreak on the sector.” She added that the Government also continued to “look at the

⁵² DfE, [Free childcare offers to continue during coronavirus closures](#), 17 March 2020.

⁵³ DfE, [Actions for early years and childcare providers during the coronavirus \(COVID-19\) outbreak](#), 7 January 2021.

costs associated with the outbreak and to secure the best and most appropriate support for the sector.”⁵⁴

3. Childcare provided by friends and family

On 4 January 2021, the Prime Minister announced a national lockdown and instructed people to stay at home. The [regulations governing the lockdown](#) came into force 6 January 2021.⁵⁵

As set out above, early years providers are permitted to remain open for all children under the current national lockdown. Under the regulations there is similarly are exemptions to the restrictions relating to gatherings and leaving one’s home where “reasonably necessary...” for “the purposes of early years provision.”⁵⁶ These exemptions apply to formal childcare delivered by registered providers. They do not allow for the provision of informal childcare by family and friends.⁵⁷

Further information is available in guidance on the national lockdown published by the Cabinet Office: [National lockdown: Stay at Home](#).

3.1 Informal childcare

During the national lockdown, some households may be able to form a childcare bubble and/or a support bubble with another household(s) to allow for the provision of informal childcare. Further information is provided in the sections below.

Childcare bubbles

Under the lockdown regulations there is an exception to the limit on gatherings to allow for informal childcare to be provided to a child under 14 by members of one other household only (often referred to as a “childcare bubble” or a “linked childcare household”). Neither of the two households can be linked with another household for childcare purposes – i.e. the arrangement must be exclusive.⁵⁸

Further information is available in guidance published by the Department of Health and Social Care: [Making a childcare bubble with another household](#). Among other things, the guidance states:

- Childcare bubbles “must be used exclusively for the purposes of childcare”. Households “must not meet socially” with their childcare bubble.

⁵⁴ [PO114782](#), 12 November 2020.

⁵⁵ [The Health Protection \(Coronavirus, Restrictions\) \(All Tiers\) \(England\) Regulations 2020](#) as amended by [The Health Protection \(Coronavirus, Restrictions\) \(No. 3\) and \(All Tiers\) \(England\) \(Amendment\) Regulations 2021](#), SI 2021/8.

⁵⁶ [The Health Protection \(Coronavirus, Restrictions\) \(All Tiers\) \(England\) Regulations 2020](#), as amended, Schedule 3A, paragraphs 2(5)(b) & 6(3)(a).

⁵⁷ As above, paragraph 2(1).

⁵⁸ [The Health Protection \(Coronavirus, Restrictions\) \(All Tiers\) \(England\) Regulations 2020](#), as amended, paragraph 5 and Schedule 3A, paragraphs 2(13)(f) & 6(18)(f).

- From 2 December, it is possible to change childcare bubbles. If a household decides to change its childcare bubble it should treat their previous bubble as a separate household for 10 days before forming a new bubble.
- Childcare bubbles are separate from support bubbles (see below). If eligible, a household can form one support bubble and one childcare bubble with different households.⁵⁹

3.2 Support bubbles

Since 13 June, if a person lives alone or is a single parent with dependent children, they have been able to form a “support bubble” with one other household. Since 2 December the households that can form a support bubble additionally include:

- Households that include a child who is under the age of one or was under that age on 2 December 2020.
- Households that include a child with a disability who requires continuous care and is under the age of 5, or was under that age on 2 December 2020.
- Households where a child aged 16 or over is living alone or with other children and without any adults.⁶⁰

There is no limit on the number of adults or children who can be in the second household, but individuals may only form a support bubble with one other household. All those within the support bubble are able to spend time together inside each other’s homes, including overnight, without needing to socially distance.⁶¹

Further information is available in guidance published by the Department of Health and Social Care: [Making a support bubble with another household](#). Among other things, the guidance states:

- From 2 December, it is possible to change support bubbles. If a household decides to change its support bubble it should treat their previous bubble as a separate household for 10 days before forming a new bubble.
- Being in a support bubble with another household does not prevent a household from linking with a further household for childcare purposes – i.e. forming a childcare bubble (see above).⁶²

⁵⁹ DHSC, [Making a childcare bubble with another household](#), 14 December 2020.

⁶⁰ DHSC, [Making a support bubble with another household](#), 29 December 2020.

⁶¹ As above; [The Health Protection \(Coronavirus, Restrictions\) \(All Tiers\) \(England\) Regulations 2020](#), as amended, paragraph 3 and Schedule 3A, paragraphs 2(2)(g) & 6(2).

⁶² DHSC, [Making a support bubble with another household](#), 29 December 2020.

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