

From firefighting to planning: Barbara Wilson, Hempsall's

Some key findings

- Up until now the market has appeared resilient, bolstered by a range of Government financial support and in some cases LA financial packages.
- Where closures have happened, by and large LAs have attributed these to pre-existing issues. However, there are a number of reasons why providers may be impacted differently as we move forward.

Risk factors?

- Those operating at a deficit pre-COVID-19.
- Those with higher non-staff related costs.
- Those with higher percentages of fee income.
- The extent to which settings have accessed, or been able to access, Government financial support.
- Childminders – possibly, and those entering the market in the 12 months prior to lockdown.

Medium term risk

- Government financial support is being rolled back.
- Unemployment has increased and is forecast by some to increase further.
- Recovery in the job market may be slow.

These issues, whilst not exclusive, will directly impact on demand for childcare, and especially fee-paid childcare.

How can we mitigate the risks?

- Support or build resilience in publicly funded childcare and promote support to meet the costs of childcare

Demand-side	Supply-side
Increase parents' confidence in safety of provision. Central and/or local media campaigns.	Support settings to understand their finances and options.
Emphasise the benefits of childcare to parents , not just to support parents to work but the benefits to children's development, school readiness, socialisation etc.	Support settings to understand the dynamics of the market, how to research their own market and how to explore models of delivery that maximise income/reduce risk.
Ensure awareness of all support to reduce the costs of childcare and how it can be accessed.	Support settings to market their provision, including promoting safety and benefits.

Longer term risk?

- Potential loss of more settings, or at least face the risk of this happening.
- Reducing capacity in the market – staff availability, provider response.
- Impact on support services (e.g. speech and language therapy).
- Increasing fees and charges.
- Low levels of demand or demand for different models of delivery.

What can LAs do?

1. Understand the dynamics of the market and risk assess sufficiency, including identifying providers or provider types most at risk.
2. Understand where there is unused capacity in the market. If a provider closes can the market absorb the loss?
3. Continue to monitor demand and patterns of demand and work with settings to adapt provision where this is possible.