

Nursery closures rise 66 per cent since 30 hours began ^[1]

Nursery closures have increased by two-thirds since the 30 hours funded childcare was introduced a year ago, reveals new research.

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AVAILABILITY

Read online ^[2]

EXCERPTS

- NDNA survey shows 121 nurseries have closed since introduction of entitlement
- Five thousand children affected by the closures
- Closures linked to funding

Analysis by the National Day Nurseries Association (NDNA) shows that 121 nurseries closed between September 2017 and the end of August 2018, compared with 73 closures in the previous 12 months. This represents a 66 per cent increase in the number of nurseries shutting their doors.

The figures have been drawn from NDNA's membership cancellations. They do not include closures of other childcare providers such as childminders. As such, it says the number of settings that have closed since last year could be much higher.

Of the nurseries that have closed since the 30 hours policy was introduced last September, 71 per cent received an hourly funding rate of less than £5 per child, per hour. A total of 44 per cent received the lowest funding rate of £4.30 per child, per hour.

The NDNA says that the closure of the 121 nurseries between September 2017 and August 2018 would have impacted around 5,000 children and their families.

Looking at the location of the nurseries that have shut their doors (see map below), the NDNA found that closures were more prevalent within local authority areas in London, Lancashire and the West Midlands.

[Map indicating closures since the 30-hours policy was introduced available to view online]

Purnima Tanuku, chief executive of the NDNA, said, 'These figures show the shocking consequences of this policy [30 hours]. The results of our investigation into closures suggest a clear link with lower funding rates.

'Since this policy was announced, we have warned the Government that providers would struggle unless funding was adequate. Now we are seeing the impact of them undervaluing the quality childcare that nurseries provide.

'Each closure is devastating to children, their families and staff. Moving children to new childcare provision is detrimental to their development and upsetting for them and their families.'

Ms Tanuku went on to warn that without an increase to funding, more private, voluntary and independent (PVI) nurseries, which provide the vast majority of funded places, could place a limit on the number of 30-hour places to survive, or worse still close, which could ultimately mean the policy not working.

She added, 'The Government must not ignore this precarious situation any longer.

'There is immediate action the Government can take at the Budget. NDNA is calling for a sustainable funding rate and to remove business rates from nurseries. The average bill is £11,000, which can be the final straw. This is a tax designed for shops and factories, not nurseries which are places for children to grow, learn and develop.'

The owner of the nursery explained, 'I have run nurseries since the 1980s. By 2001 I was running three settings. My current nursery was judged as Outstanding at its last two Ofsted inspections.

'Our funding level for three- and four-year-olds is the same as it was in 2010, yet all our costs have increased hugely. This has decimated any profits.

'As a term-time-only setting, 30 hours has destroyed us as children don't need any extra hours. We don't have capacity for a "stretched" offer all year round in which you can make up your losses by charging parents more for additional hours.

'I haven't compromised on quality so have kept all my staff and I have gone without a wage for over three years.

'My business is a drain and is losing money. I might have been able to keep my nursery going if the hourly funding was doubled.

'Every year we have put the fees up by a little bit more, but you can't keep on doing that.'

The nursery owner added, 'I have an excellent relationship with my local authority but haven't spoken to them yet about my closure plans. They have always been supportive with SEND but they are crunched themselves and can't fabricate money from nowhere.

'I am closing at the end of this term. I have to borrow the money to make my staff redundant. I have not got anything to spare.'

The nursery's owner Sue Gray explained, 'I have owned nurseries since 1993. I started Carousel in January 2006 and sold my own house to raise money for the new build.

'Until 2010 we did really well. My daughter and I are both qualified as Early Years Teachers and were given a bursary of £5,000 each, but that got taken away. Then they took the sparsity funding away – because we are a rural setting we used to get support through the autumn term. Then the funding rate dropped.

'In 2018 I was losing £18,000 per year. We received £3.93 per hour in funding, but our childcare fee was £4.70 per hour.

'We didn't even offer 30 hours as I would have been doubling my losses.

'We hadn't put our nursery fees up. I felt it was unethical for parents of under-threes paying for parents of over-threes, so I didn't do it.'

She added, 'The life of the nursery had been drained completely over the past six or seven years. I was hanging on hoping something would change.

'We started diminishing last year to just two staff. If one of us was poorly it was very difficult, so we had to stop Forest School. Prior to 2010 I could take a wage, but with the low funding all it paid for was the mortgage. My daughter worked voluntary days to help – it was a desperate situation.

'I was very up-front with parents and staff with how much we were struggling and gave them a year's notice.

'I don't understand why the Government says it supports small businesses. I had to make five people in our local village redundant when I closed and they haven't found other employment.'

Ms Gray is now launching a training and well-being business for the local community.

The shadow early years minister, Tracy Brabin, called the increase in nursery closures 'deeply alarming'.

She said, 'This is yet more evidence that the Tories are completely underfunding their childcare policies, something they refuse to acknowledge despite repeated warnings from across the sector and beyond.

'It is now abundantly clear that funding shortfalls are forcing viable nurseries out of business and leaving thousands of families struggling to access high-quality childcare.

'A Labour Government would provide 30 hours of high quality, free childcare to every 2 to 4 year old, paying providers properly for the incredibly valuable work they do.'

Parent starts 30-hour petition

A parent of two boys has launched a petition calling on the Government to review the 'complicated and underfunded' 30 hours childcare policy.

Within the petition, which has received more than 3,200 signatures, Sarah Dowzell (pictured), a business owner who lives in the Midlands, makes recommendations to improve the scheme, including increasing funding, allowing parents to pay a 'top-up' if needed or reducing the threshold at which parents become eligible.

Mrs Dowzell told Nursery World, 'I thought it was fantastic when the 30 hours came in I thought it would mean being able to increase my working hours and that it would halt my bill, but it didn't.

'My nursery capped the 30 hours at six hours per day. I would have to pay for hours outside the six because of commuting time to and from work – I don't work locally.

'I realised after speaking with other parents that other nurseries offering the 30 hours were doing the same or charging for extras. Some childminders in the area had said they couldn't afford to offer the 30 hours at all.

'I decided that it wouldn't be right to take up the 30 hours on principle, so stayed on the universal 15 hours.

'Looking at the wider impact of this, it has massive implications. Women are essential in the workplace and the ill-thought-out 30 hours scheme could create a real problem for the economy as a whole.

'The 30 hours could reduce supply for quality childcare – there are numerous reports of childcare settings closing. It could lead to increases to childcare costs.

'Women won't be able to afford to go to work, which will reduce diversity in the workplace and employers' talent pools.'

Mrs Dowzell said she had requested to meet the children's minister Nadhim Zahawi earlier this year; however, his office claimed he was

unable to do so because of 'diary pressures'.

She plans to go back to the minister's office once she has achieved 5,000 signatures on her petition.

[Link to petition available online].

Related link: Childcare providers to lobby MPs on 30 hours ^[3]

Region: Europe ^[4]

Source URL (modified on 27 Jan 2022): <https://childcarecanada.org/documents/child-care-news/18/09/nursery-closures-rise-66-cent-30-hours-began>
Links

[1] <https://childcarecanada.org/documents/child-care-news/18/09/nursery-closures-rise-66-cent-30-hours-began> ^[2]

<https://www.nurseryworld.co.uk/news/article/nursery-closures-rise-66-per-cent-since-30-hours-began> [3] <https://childcarecanada.org/documents/child-care-news/18/07/childcare-providers-head-parliament-lobby-mps-and-peers-30-hours> [4] <https://childcarecanada.org/category/region/europe>