

PACEY is campaigning to remove the unfair rule that prevents childminders in England from claiming funding for children related to them.

What is the problem?

The definition of 'childcare' in the Childcare Act 2006 excludes care provided for a child by parents or any other relatives by blood or marriage. In England, the government has interpreted this to mean that childminders cannot deliver funded early education entitlements (FEEE) to any children related to them. In some cases, it has been interpreted to affect childminding assistants and co-childminders too.

This affects delivery of:

- The 15-hour entitlement for two-year olds receiving additional forms of support;
- The universal 15-hour entitlement for three- and four-year-olds and additional 15 hour entitlement for eligible three- and four-year-olds of working families;
- The new 15-hour entitlement for children of working families aged nine months and older (which is increasing to 30 hours in September 2025)

Why is this rule unfair?

The rule in England is unique to childminders; individuals working in or owning a nursery, pre-school, or school are permitted to deliver funded places to related children in their setting, no matter how small. Yet the same provision in a childminding setting is forbidden.

Other important forms of childcare support in England *do* permit parents to use related childminders, as long as they are Ofsted-registered and providing for the child outside the child's home. Furthermore, since 2018 registered childminders in Wales have been able to provide funded places to related children who do not live with them, a move by Welsh government which has made a real positive difference to childminders.

PACEY is calling for English childminders to have the same rights.

Why does it matter?

This rule affects not only registered childminders, but the families and children that rely on them too.

1. The related children rule is one of the most long-standing concerns raised by registered childminders

The number of registered childminders in England is falling, with a drop of almost 50% since 2013ⁱ. At the current rate of decline we estimate only 1,000 registered childminders in England by 2035, from a high of around 60,000. Childminders play a key role in the delivery of high quality funded early education, yet the rule has long been a barrier to engaging more childminders in the delivery of the entitlement. When you consider the unique value that childminders provide for families and their place in the local community, this is devastating. Feelings of low morale and lack of professional recognition are frequently cited reasons for leaving the profession. Among the most popular measures suggested to support childminders (second only to improving funding levels) is reforming the rule around claiming funding for relativesⁱⁱ. Addressing this issue would be significant in boosting morale and ensuring childminders can continue their essential work.

2. It is removing families' choice of provision and affecting continuity of care for children

The rule is forcing many grandchildren, nieces, nephews and cousins of highly professional, long-term registered childminders to move to new settings to take up their entitlement,

disrupting continuity of care. This often disregards the family's personal preferences, the best interests of the child, and the needs of the wider family, including siblings. As a result, families may be required to travel further away to less suitable settings who do not have the personal knowledge of that child's history and needs, causing unnecessary disruption to the continuity of care. Since childminders often offer a flexible and affordable choice, they have an important role in supporting families with irregular or unsociable working hours, such as single parents and disadvantaged families.

3. Children with SEND are being directly impacted

Children with SEND and their childminders are being penalized by this unfair rule. Childminders who have children in their setting in receipt of Disability Living Allowance (DLA) can be eligible for additional funding through the Disability Access Fund (DAF). This supports them with the costs related to meeting the needs of a child with disabilities or SEND, such as purchase of additional equipment. However DAF is directly linked to funded entitlements, meaning childminders are unable to access this funding for children who are related to them. In this instance, childminders are forced to purchase additional equipment from their own income just because they are related to them.

4. It contradicts Government's mission to "Set every child up for the best start in life"

Early years and childcare rightly plays a key role in Government's "Plan for Change" with an ambition to improve accessibility to high quality early education to ensure the best start in life for every child. The expansion to funded early education entitlements is key in this, and with an estimated 85,000 more childcare places needed compared to 2023ⁱⁱⁱ, childminders will play a role in delivering this. The expansion also means more relatives using childminders are going to be affected by the rule than ever before. Removing the rule is a no-cost option that would free up childminders to offer these places to children in their setting who are related to them and remove the need to place them in different settings. In October 2023, 72% of PACEY childminder members said expanding the scheme to cover related children would actually incentivise them to offer more funded placesⁱⁱ.

5. Additional government support for childcare already permits childminders to work with related children

Parents in receipt of Tax-Free Childcare (TFC), childcare vouchers, Working Tax Credit (WTC), Universal Credit (UC) and students are able to obtain support with their childcare costs if they use a childminder who is related to them, as long as they are registered and caring for the child outside the child's own home.^{iv} We want to funded early education entitlements hamonised with this.

What can be done?

We are calling for the Government in England to allow registered childminders to deliver funded early education and childcare for a child who is a relative, providing that care is delivered outside of the child's home and the childcare provider does not have parental responsibility for the child.

The registration and inspection process with Ofsted is sufficiently rigorous that a person would be extremely unlikely to be motivated and able to successfully pass through it if she or he were not a genuine childminder.^v Indeed, there is no evidence that this is happening in relation to tax credits in England, or for childminders in Wales who have been able to claim funding for non-parental relatives since 2018.

Case studies

Vicki, Hampshire

"I had cared for my nephew since he was one year old, but once he was eligible for the funded hours, my sister had to find an alternative childcare setting for him. This has proved very difficult for her, as she has to travel greater distances to get to the new nursery. She can also no longer work irregular shifts, as they are outside the nursery's working hours. This has caused much distress to my nephew, who enjoyed coming to my setting and had a strong bond with the other children there. He has lost the sense of security, friendship, and fun that he enjoyed whilst in my setting. I have always followed the EYFS for my nephew, as for the other children, and he has a learning journal just like they do. It's about time that registered childcare provider relatives were able to claim funded hours. If you had a relative who was a professional childcarer, where would you want to send your child?"

Louise, Gloucestershire

"I am an Ofsted-graded 'Outstanding' childminder. I have been caring for my nephew since he was a baby, but he had to finish with me in August in order to take up the 30-hour funding with another childminder. This has been completely heart-breaking, for not only myself, but for my nephew and his parents. My brother and girlfriend are not well-off, and both work long hours in order to provide for my nephew. They needed to be able to access the 30 hours funding, and therefore had to go somewhere else to get this, which I understand completely. What I don't understand is why I couldn't provide this. Where is the continuity for my nephew?"

Samantha, West Sussex

"I am an Ofsted registered childminder (graded 'Outstanding'). I have been caring for my twin nephews since they were six months old for three days a week. My sister has paid me (with a family discount). We have just found out that I will not be able to offer them the funded hours. My sister is heartbroken. Not only will the boys have to go to another provider, breaking the continuity of care, but I will lose that precious time with my nephews. But my sister cannot turn down 60 hours of funded child care per week."

Rose, East Sussex

"I work with my husband and we have been graded 'Outstanding' in our inspections since 2009. It seems most unfair and discriminatory that we cannot provide funded places to our grandchildren, as we are paid to care for them, provide learning journeys, have contracts – just the same as for the other children in our care. Our daughter is very upset that we cannot provide this for her child, and she is losing out financially. We have other grandchildren who will soon be eligible. Now that 30 hours of free childcare is available for working parents, surely childminders are needed to provide these extra places?"

Diane, Yorkshire

"I have been a Registered Childminder for 20 years, and I now have six grandchildren who all live locally and are able to come to my setting to be cared for. One of my grandsons is two and has been with me part time since he was six months old. He suffers from various allergies and has severe eczema and asthma. He is happy and settled with me, but his parents feel they need to move him elsewhere to be financially better off, despite the fact they are worried he will not receive the special care his medical conditions require.

"My youngest granddaughter is just two months old, and was diagnosed shortly after birth with cancer. She is undergoing chemotherapy at present, and the doctors are hopeful of a positive outcome. She has an older sister who is eligible for the two-year-old funding. Her

mum likes the local nursery, but she is very concerned that normal childhood illnesses such as chicken pox, coughs, and colds etc., may be picked up by her older child and carried home, with very serious consequences for her sister. Of course, I can't guarantee being germ-free at all times, but the risks are lessened in a smaller setting with fewer children. Accessing the funding to which they are entitled, in the setting of their preference, would make such a big difference to my family during a very traumatic time.”

ⁱ Ofsted (2024), [Childcare providers and inspections as at 31 March 2024](#) (London: Ofsted).

ⁱⁱ PACEY (2024), [Big Membership Survey](#) (Bromley: PACEY).

ⁱⁱⁱ National Audit Office (2024) [Preparations to extend early years entitlements for working parents in England](#) (London: National Audit Office)

^{iv} See www.gov.uk/help-with-childcare-costs

^v As a condition of registration, childminders must be assessed by Ofsted on their suitability to provide childcare, and, if they are caring for children under five, to deliver the Early Years Foundation Stage (EYFS) curriculum. They also must: hold a current paediatric first aid certificate (if caring for children under five); undergo a Disclosure and Barring Service (DBS) check (along with everyone else they live or work with over 16); have a doctor certify they are physically and mentally capable of caring for children; have appropriate public liability insurance (PLI) in place; have the written permission of their landlord or mortgage company; have their premises inspected by Ofsted to ensure those parts used for childcare are safe, secure and suitable for their purpose; and be monitored by Ofsted through regular inspections.