



**Knowsley Early Years Business Support Advice and Guidance**

**Introduction**

The aim of this document is to provide support for the business element of your childcare setting and to assist you with financial planning and sustainable business practice. It will also assist with marketing, maximising your occupancy and the development of short, medium and long term business plans. Our intention is that this document will be discussed during a one to one meeting with a member of the Early Years Service.

**Plan / Do / Review Business Cycle**

All settings should ensure they are continually reviewing their business plans. The following cycle may support your thinking:

**Plans / Decisions**

* Update business plans
* Develop / update cash flow forecasts to include:
	+ Future predicted occupancy
	+ New models of delivery is applicable
	+ Changes to expenditure
	+ Changes to fees
* Links to useful business planning tools can be found at Appendix C

**Changes / New Risks**

This could include:

* Change in numbers accessing the setting
* Parental preference changing i.e. parents requested more full days rather than sessions
* Demand – has this changed? Are more parents accessing funded hours now rather than paying privately
* H&S – this could be new guidance, a pandemic
* Funding – have funding rates changed?
* Expenditure – have running costs changed?

DO

REVIEW

PLAN

**Ideas / Options**

Review model of delivery following discussion with staff and parents

* Establish if demand has changed and estimate occupancy for following term
* Carry out some modelling including
	+ Room occupancies and maximise room spaces (calculating occupancy ‘breakeven point) – see Appendix B for the tool
	+ Review the flexibility of how hours are offered to parents
		- Maximise funding alongside paid for places included stretching funded places across the year
* Finances, funding & fees
	+ Review expenditure
	+ Negotiate any contracts with suppliers
	+ Apply for any potential additional funding
	+ Review fees (calculate your fees ‘breakeven’ point) – see Appendix A for the tool

**Finding out more**

* Talk to staff to identify opportunities you can take advantage of and threats to be mitigated
* Talk to parents and families to find out what the future demand is and if their preferences / needs have changed
* Link with the Early Years’ service to find out if sufficiency has changed, employment in the area changed, what new funding rates are

**Additional Information**

**Support / Help Parents – Financial Support**

* Signpost and enable parent applications to support the cost of childcare:
	+ Tax Free Childcare,
	+ Universal Credit (claims for this have increased) [www.childcarechoices.gov.uk](http://www.childcarechoices.gov.uk) or childcare element of Working Tax Credit
	+ Childcare / employer voucher schemes
	+ Care to Learn
	+ Grants to support higher education
* Families can use the childcare calculator to find out more and choose what works best <https://www.gov.uk/childcare-calculator>
* Make sure families renew and obtain 30 hours codes in the timeframe
* The Early Years’ service can support with further advice and guidance please contact (add Joyce / Nic details in)

**Marketing**

* Develop a marketing plan to maximise occupancy (this may be different for the different ages within your setting)
* Develop a website, Instagram, Twitter or Facebook pages and ensure they are regularly updated with new information such as:
	+ Make your setting stand out by having information about the different things your setting does which makes you different from others
	+ Include videos / pictures of your setting and maybe a virtual tour
	+ Information about fees and any additional costs
	+ Quotes from parents / carers
	+ The different financial support available for parents to pay for childcare (see the ‘Support / Help Parents – Financial Support’ section)
* Produce newsletters for parents, this is a good way of other parents seeing the things your setting offers
* Ensure all information is updated on the Knowsley FIS page (add in link) – again make sure the information on this page makes you stand out
* Contact large local employers to advertise your business

**Appendix A - Calculating your fees ‘breakeven’ point**

Step 1: Use your budget to work out what your weekly expenditure will be:

Weekly expenditure

Number of weeks open (per year)

=

÷

Total expenditure

Step 2: Calculate the maximum sellable hours available each week:

Total number of hours available to be sold each week

mm

Number of registered places

Hours per week the setting can offer

=

x

Step 3: Calculate the usual occupancy:

Total number of likely hours to be sold each week

mm

Total hours available to be sold each week

=

Usual occupancy level %

x

Step 4: Now work out the price you need to charge each hour in order to break even based on realistic occupancy:

Breakdown hourly rate

mm

=

Total hours likely to be sold each week

Weekly expenditure

÷

**Appendix B – Calculating Occupancy Breakeven**

How many children you will need to attend each week to cover your costs:

Number of children needed to break even each week

mm

Total hours available each week

Total hours likely to be sold (average occupancy)

=

÷

**Appendix C - Business Planning Tools Links**

* **National Day Nurseries Association (NDNA) – Business Zone**

Free online business support toolkit funded by DfE. It aims to help providers sustain a healthy childcare business, developed by the sector, for the sector. The toolkit includes: Business Appraisal; Financial Management; Staff Cost Calculator. There is a range of downloadable resources. <http://www.ndna.org.uk/NDNA/News/Early_Years_Business_Zone.aspx>

* **National Day Nurseries Association (NDNA) – Business Zone for COVID-19** <https://www.ndna.org.uk/NDNA/Knowledge_Hub/Coronavirus/nursery_business_coronavirus_COVID-19.aspx>
* **Early Years Alliance Cost of delivery calculator.** Can be used to calculate provider’s total costs and total hours delivered. Information can then be entered into the spreadsheet, which automatically estimate hourly delivery costs

<https://www.eyalliance.org.uk/cost-delivery-calculator>

* **Early Years Alliance Coronavirus business support**

<https://www.eyalliance.org.uk/coronavirus-early-years>

* **PACEY – Group Setting Cost Calculator**

This calculator developed with London Borough of Merton, funded by DfE helps to understand the cost of delivering childcare services. <https://www.pacey.org.uk/working-in-childcare/nurseries/group-setting-cost-calculator/>

* **PACEY – Occupancy levels calculator** helps providers to work out the ideal occupancy levels in group settings and different staffing models.

<https://www.pacey.org.uk/working-in-childcare/nurseries/group-setting-occupancy-tool>

* **PACEY Coronavirus support**

<https://www.pacey.org.uk/working-in-childcare/spotlight-on/coronavirus/sources-of-support-coronavirus/>

* **Writing a Business Plan**

<https://www.gov.uk/write-business-plan>