

Managing your Childcare Business - A Mini Guide



Business planning is essential to any successful business. Planning involves identifying, understanding, and communicating where your business is at now, the direction you want to take and how you're going to get there.

This mini guide to managing your childcare business provides some useful links and tips to support you with your business direction and planning.

Business Planning

A good business plan will provide you with a roadmap to take your business in the direction you want to go in. It will provide a strategy for you to grow your business and support financial planning and investment.

Producing a business plan does not have to be time consuming. Once it has been developed it can be used to manage the business effectively and reviewed regularly to ensure the business is progressing as planned.

A business plan should be used alongside any Ofsted action plans or improvement plans. A robust business plan should include the following:



Further information on business plans and templates can be found via the links below.

<https://foundationyears.org.uk/business-sustainability/developing-a-business-plan/>

<https://www.pacey.org.uk/working-in-childcare/business-smart/business-planning/>

Knowing your legal structure

There are many different business legal structures available. The legal structure for your business will need to be determined from the outset as this denotes the 'person' in law responsible for the running of the business, registering with Ofsted etc.

Whilst each legal structure has a lot to offer a business, there are also some risks and you should be aware of these, particularly in terms of risk from a personal perspective and Ofsted.

Please see below a list of different business legal structures with links to further explore each different type:



Sole Trader: A sole trader is considered to be 'self-employed'. Find out more here: <https://www.gov.uk/set-up-sole-trader?step-by-step>



Partnership: You and your partner(s) personally share responsibility for your business. Each partner must register as self-employed and submit a separate tax return. Find out more here:

<https://www.gov.uk/set-up-business-partnership?step-by-step>



Limited Liability Partnership (LLP): In this legal structure, the number of partners is not limited, but at least 2 have to be 'designated members' responsible for filing annual accounts. Find out more here:

<https://www.gov.uk/guidance/set-up-and-run-a-limited-liability-partnership-llp>



Limited companies: A limited company is a company 'limited by shares' or 'limited by guarantee'. Find out more here:

<https://www.gov.uk/limited-company-formation>



Community Interest Companies (CIC): A CIC is a special type of limited company which exists to benefit the community rather than private shareholders. Find out more here:

<https://www.gov.uk/government/publications/community-interest-companies-how-to-form-a-cic>



Charity: A charity must have 'charitable purposes' that help the public.

Find out more here: <https://www.gov.uk/setting-up-charity>, and here:

<https://www.gov.uk/government/organisations/charity-commission>



School Run: Several options are available for schools to consider when looking at what legal structure will best support the type and level of childcare could be delivered from the site. Find out more here:

<https://schools.warwickshire.gov.uk/early-years-childcare-providers/set-run-childcare-business/2>



Private Business: This is a company that is owned by one person or a small group of people, for example a family, and whose shares are not traded on a stock market. Find out more here: <https://www.gov.uk/set-up-business>

Further information on can be found via the links below:

<https://www.gov.uk/set-up-business>

<https://www.gov.uk/government/organisations/hm-revenue-customs>

<https://www.gov.uk/government/organisations/companies-house>

<https://cwcda.co.uk/>

<https://www.gov.uk/set-up-a-social-enterprise?step-by-step>

Model of Delivery

Using the feedback from market research, where possible, providers should try to offer a model of delivery that meets parental needs.

Providers should be clear and transparent with their model of delivery and maintain a clear and fair policy on late payments, late pickups etc. so parents understand any additional charges that may apply.

Changes to Early Education Funding Entitlements 2023 -2025 may have an impact on your model of delivery and should be taken into consideration.

Providers can support parents with their childcare costs by informing them of extra funding which is available for eligible parents such as:

Tax free childcare

Childcare element of Tax Credits

Childcare element of Universal Credit

Childcare vouchers

Further information on funding can be found via the links below:

<https://www.pacey.org.uk/working-in-childcare/business-smart/childcare-funding/childcare-funding-england/>

<https://www.eyalliance.org.uk/financial-planning-and-funding-sources>

<https://www.eyalliance.org.uk/funded-entitlement-offers-what-changing>

[Childcare Choices | 30 Hours Free Childcare, Tax-Free Childcare and More | Help with Costs | GOV.UK](#)

Business Sustainability

Sustainability creates business value for long-term prosperity. A sustainable business is built to last. At the roots of a sustainable business are:

- A sound understanding of the local market
- Understanding and management of occupancy rates
- Understanding of the costs
- Monthly accounts
- Cash flow forecasting
- Clear and transparent charging policy/funded offer
- A plan for the future



Further information on business planning and financial management including cash flows can be found via the link below:

<https://schools.warwickshire.gov.uk/early-years-childcare-providers/early-years-childcare-business-support>

Reviewing Finances

Business finances are a vital part of any company. A good financial plan keeps a focus on the business as it grows. When new challenges arise, and when unexpected crises hit a strong financial backbone helps a business to weather the ups and downs.

- £ Has the expenditure gone up?
- £ Have there been any changes to funding?
- £ What has occupancy looked like across this past year?
- £ How much does it cost per hour to deliver the service?
- £ What does the breakeven look like this year compared to last year?
- £ Is the fee structure, right?
- £ What does occupancy for the next term and next academic year look like?

Financial monitoring should be undertaken regularly by those with responsibility for strategic oversight of the business such as the directors or trustees.

Further information on finance can be found via the links below:

[https://www.pacey.org.uk/working-in-childcare/business-smart/finance/finance-best-practice-\(1\)/](https://www.pacey.org.uk/working-in-childcare/business-smart/finance/finance-best-practice-(1)/)

<https://www.gov.uk/running-a-limited-company>

<https://www.gov.uk/government/collections/managing-your-charity-guidance#financial-reporting-and-accounts>

This calculator will help in understanding the cost of delivering a childcare service.

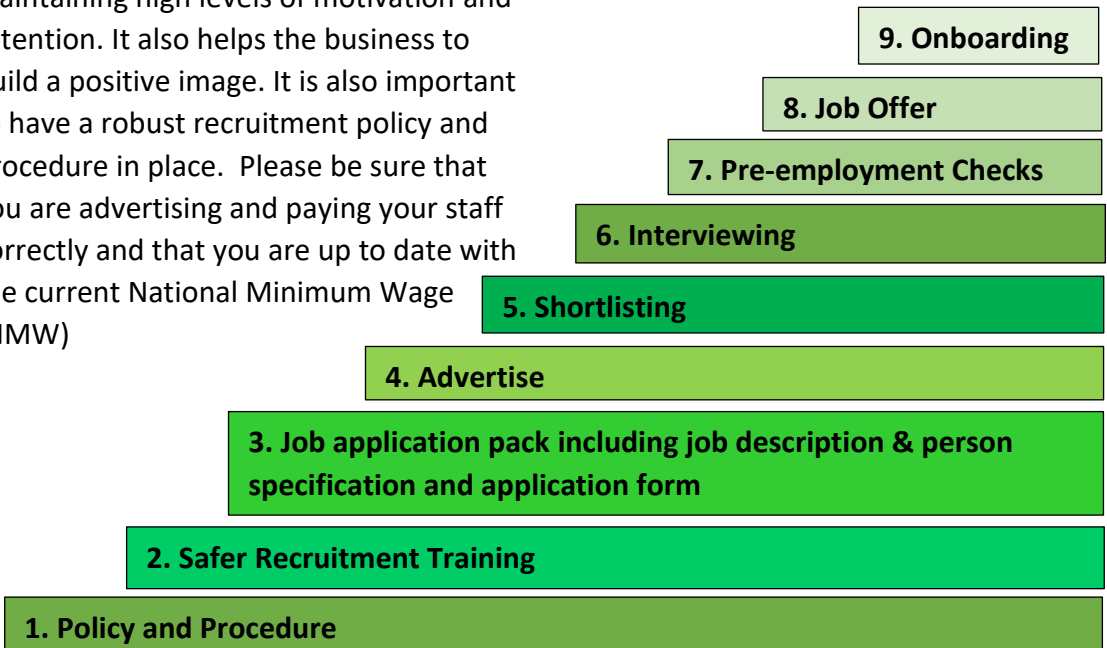
<https://www.pacey.org.uk/working-in-childcare/nurseries/group-setting-cost-calculator/>

This calculator will help in understanding the cost of delivering a childcare service and levels of occupancy.

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

Staff and Recruitment

Recruiting staff with appropriate qualifications, skills and expertise is key to any successful business and essential for maintaining high levels of motivation and retention. It also helps the business to build a positive image. It is also important to have a robust recruitment policy and procedure in place. Please be sure that you are advertising and paying your staff correctly and that you are up to date with the current National Minimum Wage (NMW)



There are lots of different areas that need to be considered when employing early years staff to ensure that good standards of practice are promoted and that individual staff members are supported, have training needs identified and that performance is reviewed.

- ✓ Induction
- ✓ Supervision
- ✓ Appraisals
- ✓ Raising a concern/whistleblowing
- ✓ Health, Safety and Wellbeing of staff
- ✓ Discipline and Grievance

For more information on the numbers of staff you will need to employ and the staff: child ratios please refer to the [Early Years foundation stage statutory framework \(EYFS\)](#) This statutory framework also gives more information on who can be counted in ratios depending on their qualifications. The DfE have produced – [Check early years qualifications](#) to support you to find out if a person's qualifications allow them to work in an early years setting, and if you can include them in staff: child ratios.

See the following links for further information regarding qualifications, training, recruitment, employment and pensions:

<https://www.gov.uk/guidance/early-years-qualifications-finder>

<https://learning.nspcc.org.uk/training/safer-recruitment>

<https://www.gov.uk/education/further-and-higher-education-skills-and-vocational-training>

<https://www.eyalliance.org.uk/employing-and-managing-early-years-staff>

<https://www.acas.org.uk/>

<https://www.thepensionsregulator.gov.uk/>

Market Research

Market research should never be underestimated. It helps you understand your customers better and provides insight into your business and the wider marketplace.

Many successful businesses enjoy longevity through undertaking regular market research to understand their target market, identify problems and identify competitors.



Further information on market research can be found via the links below:

<https://www.evalliance.org.uk/marketing-your-early-years-business>

Please use the search below for information on registered childcare providers in the county. Registered providers include day nurseries, pre-schools, childminders, out of school clubs and holiday schemes.

<https://admissions.warwickshire.gov.uk/Synergy/Childcareprovidersearch.aspx>

Marketing

Marketing is an integral part of business growth. Marketing can be the weak link in business plans, so it is worth spending time on ensuring the marketing strategy is strong.

Consider...

What do parents value the most?

What are the settings unique selling points?

Why did parents choose the setting?

Sharing the story and vision of the setting

First impressions count!

What methods of advertising could be used?

Knowing the competition and what they offer

Keeping online information up to date

A key part of ensuring that marketing continues to benefit the setting is to track all enquiries:

How did customers hear about the setting?

What did/didn't they like about the setting?

Why did/didn't they take up a place?

Follow up on all enquiries

Ensure that your setting details are up to date online. Many settings are listed on google, social media, websites, and early years specific directories. Always make sure your contact details are correct, it is better to have no online presence rather than incorrect details as this does not give a good impression to prospective families.

Further information on marketing can be found via the links below:

<https://www.pacey.org.uk/working-in-childcare/business-smart/marketing>

<https://www.eyalliance.org.uk/marketing-your-early-years-business/>

Google my business is a free tool that allows you to promote your business on google -

https://www.google.com/intl/en_uk/business/

Fundraising & Sources of Funds

Fundraising can be a great way to involve families and the local community in your provision. It is usually easier to raise money for one-offs such as start-up costs or equipment e.g., ICT resources or upgrading the outdoor area. Many local supermarkets and large businesses will offer funding to local community activities. Have a look in your local area to see what is available. Many funding streams will only be available for registered charities or community run groups. Providers will need to check the eligibility criteria for any grants prior to submitting any application.

Things to consider when applying for grants or funding:

Know your organisation – be clear and understand the legal structure of your organisation.

Ensure your application is neat, well presented, and spell checked, with clear and understandable text.

Registered charities – information relating to your charity is available for all to view on the Charity Commission website – know your group's history, submit returns on time and keep trustee information up to date.

Send ALL the documents requested with the application.

Have copies of your governing document to hand and ensure they are up to date.

Keep applications to the point, be specific about what the application is for, include any match funding or other contributions.



KEEP LOOKING AND APPLYING

Recommended Reading

- Charity fundraising: a guide to trustee's duties
<https://www.gov.uk/government/publications/charities-and-fundraising-cc20#e3>

Fundraising & Sources of Funds ... continued

Useful websites for funding / grant information and guidance:

- Warwickshire County Council – Grants and local funding information - <https://www.warwickshire.gov.uk/grants>
- Warwickshire Community & Voluntary Action (WCAVA) - <https://www.wcava.org.uk/> there is a wide range of information on their website with regards to current funding streams and support on how to apply
- Grant finder – leading grant and funding information provider – www.grantfinder.co.uk
- Sustainability West Midlands – grant and funding to support businesses to become more environmentally sustainable - <https://www.sustainabilitywestmidlands.org.uk/funding/>
- The National Lottery – find funding for your project - <https://www.lotterygoodcauses.org.uk/funding>
- Children & Young People Now have information available on funding and how to access them - <https://www.cypnow.co.uk/funding>
- Heart of England Community Foundation – a charity that raises money to fund and develop local community activity across the West Midlands & Warwickshire - <https://www.heartofenglandcf.co.uk/>
- Contact the Early Years team for further information on funding grants and where to find them at: earlyyears@warwickshire.gov.uk

General Advice and Guidance

The key to a successful business is to sound operational practice, robust financial management and excellent customer relations/communications. Whilst these have mostly already been addressed there are a few other things to be mindful of:

Insurance

Do make sure you have up to date and adequate business insurance to protect you and your company against unexpected costs.

<https://www.abi.org.uk/products-and-issues/choosing-the-right-insurance/business-insurance/>

Data Protection

Do make sure that you are familiar with the latest guidance in data protection and follow the data protection rules to keep information secure, accurate and up to date.

<https://www.gov.uk/data-protection-your-business>

Rent

When renting ensure that you obtain a secure tenancy agreement to give security of tenure for your business.

Planning Permission

Planning Permission may be needed if you are looking to change the use of a building; extend the building or change the layout of buildings. This applies to both personal home or business premises. Please [contact your local district and borough council](#) planning departments for further information and advice.

Fire Regulations

You will need to check with the local fire services to ensure the building meets fire regulations.

Food

If you are planning to prepare food, you will need a certificate from your local district or borough council's environmental health team.

Registration

Childcare businesses must register with Ofsted, although there are a small number of exemptions, [see further information on who must register with Ofsted](#).

There are 2 Ofsted registers, the [Early Years Register](#) and the [*Childcare Register](#).

The Childcare Register is made up of two parts, the Compulsory Childcare register, and the Voluntary Childcare Register. You may want/be required to register on more than one register depending on the provision that you will offer.

Age of Children

Settings will need to consider which age groups of children they would like to care for. Ofsted has different requirements for different age groups. Further information on can be found via the links below:

<https://www.gov.uk/guidance/childminders-and-childcare-providers-register-with-ofsted/the-ofsted-registers>

If you will be caring for children aged between birth and five years old you will need to usually register on the Early Years Register and follow the Early Years foundation stage statutory framework (EYFS). This sets out the welfare, education and learning requirements. Further information can be found via the link below:

<https://www.gov.uk/government/publications/early-years-foundation-stage-framework--2> .

If you will be offering care for children aged 2, 3 and 4 years old you may want to offer early education funding. Further information can be found via the link below:

<https://schools.warwickshire.gov.uk/early-years-childcare-providers/early-education-funding-2-3-4-year-olds>

Tools & Resources

Starting up a childcare business

Information and tips on setting up and running your own business.

<https://www.gov.uk/browse/business>

Charity Commission

Useful information on setting up and running a charity.

<https://www.gov.uk/government/organisations/charity-commission>

Companies House

Information on starting up and running a company.

<https://www.gov.uk/government/organisations/companies-house>

NDNA – Business Zone NDNA Business Zone

The Early Years Business Zone is a FREE online nursery and childcare business support toolkit – created by NDNA and the Department for Education – to help sustain a healthy childcare business, developed by the sector, for the sector.

The toolkit includes three tools; Business Appraisal, Financial Management and Staff Cost Calculator and a range of downloadable resources.

http://www.ndna.org.uk/NDNA/News/Early_Years_Business_Zone.aspx

Early Years Alliance – Business and Management

Information to keep providers up to date with ongoing developments such as the 30 hours funding, requirements to check the suitability of staff and volunteers and changes to staff pay and conditions.

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

PACEY - Business Smart

Business Smart is a free online resource from the Professional Association for Childcare and Early Years (PACEY) to support the sustainability of new and established childcare practitioners in England and Wales.

<https://www.pacey.org.uk/working-in-childcare/business-smart/about-business-smart/>

Foundation Years

The latest news, policy and resources for early years professionals.

Business Planning including Hemsall's Business Map for Early Years Providers

<https://foundationyears.org.uk/?s=business+planning>

Coram Family and Childcare's Resources for Professionals

Resources designed to help professionals working in childcare and early years including a toolkit to support school nurseries extend their provision of early education hours to cover the full day.

<https://www.familyandchildcaretrust.org/resources-professionals>

Government help with childcare costs for parents

Information on changes to free childcare; Tax-Free Childcare; 15 hours Free Childcare for 2 year olds; 15 hours Free Childcare for 3 and year olds; 30 hours Free Childcare for 2 year olds; 30 hours Free Childcare for 3 and year olds.

<https://www.childcarechoices.gov.uk/>

Early years business sustainability

Advice, examples and resources to help early years providers run a sustainable business

<https://www.gov.uk/government/collections/early-years-business-sustainability>

Support and advice for your early years business

The Early Years Business Zone provides a dedicated, free to access, online resource that is tailored to the specific needs of early years businesses. Offering a Toolkit for business appraisal, Staff costs calculator and financial management support.

<https://www.earlyyearsbusinesszone.org.uk/>

Warwickshire County Council – Childcare Sufficiency Assessment

This annual report details how the local authority ensures that there is sufficient childcare available to meet need. As well as details about the supply and demand of childcare and how any gaps in childcare provision will be addressed.

<https://www.warwickshire.gov.uk/childcare>

Warwickshire County Council – Warwickshire Insights

Warwickshire Insights provides statistical information about local areas in Warwickshire

<https://data.warwickshire.gov.uk/>

Warwickshire County Council - Useful Contacts

Early Years Sufficiency & Business Support – for all enquiries with regards to starting up a childcare business, childcare sufficiency and auditing of early education funding requirements.	earlyyears@warwickshire.gov.uk
Early Years Funding – for all enquiries with regards to early education funding including 30 hours eligibility, the funding process and the Synergy provider portal.	eyfunding@warwickshire.gov.uk
Early Years Funding – for all enquiries with regards to early education funding for 2 year olds.	2help@warwickshire.gov.uk
Early Years Funding – for all enquiries with regards to early education funding for childminders.	childminderfunding@warwickshire.gov.uk
Early Years Advisors – for all enquiries with regards to the EYFS, quality and safeguarding.	earlyyearsadvisors@warwickshire.gov.uk