



Getting ready for 30 hours

A guide for providers

and those that work with them

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1 Introduction

This guide has been written to assist early years and childcare providers to prepare for the introduction of 30 hours of free childcare in September 2017. The tools referenced and included in the guide should assist and ensure plans are well thought through and support ongoing sustainability.

1.1 About Childcare Works

Childcare Works is a two-year programme of support, challenge and solutions for providers and local authorities to achieve delivery of the free entitlement to 30 hours of free childcare for working parents of three- and four-year-olds.

Childcare Works is a consortium led by Mott MacDonald, with Hemsall's and Action for Children. The programme aims to deliver a range of events, training, support and resources to use, including:

- 30-hours special Learn Explore Debate events with Action for Children
- Progress Sharing meetings for local authorities
- Training for providers and local authorities: Getting Ready for 30 hours
- Tools, resources and materials published online for free use

More information can be found at www.childcareworks.co.uk

2 Context

Delivering differently to meet the needs of children and families, is something the early years and childcare sector has become expert at. The sector has grown, responded, and revolutionised itself to meet the changing needs of all its stakeholders over the last 10 to 15 years. Not only have providers raised the bar for outcomes for children, resources have been targeted for children who are the least advantaged, new partnerships and collaborations have been forged, new qualifications achieved, and the ways services are delivered have changed to meet national policy, local strategy, and the individual needs of children and parents in local communities.

There is still some work to be done. Following on from the outstanding success of the free entitlement for three- and four-year-olds, and for least advantaged two-year-olds, providers have been set the challenge to also offer up to 30-hours of free childcare for the three- and four-year-olds of working families. To achieve this, from September 2017, needs careful consideration and planning. It needs action from Government, from local areas, and from early years and childcare providers. It is important the entitlement remains free at the point of use, and providers are financially able to deliver sustainable quality learning opportunities.

Providers have become increasingly aware of the needs of modern families, to considering how business models can change and respond. Any change to business delivery models has its risks as well as its opportunities. With the prospect of diversifying, and responding to demand, and delivering more flexibly, comes the need to carefully consider the impact of the change, and how best it should be done.

3 10 steps to follow

This guide is structured into 10 sections, each looking at the considerations and options we feel are necessary for preparing to deliver 30 hours of free childcare.

1. Understanding the business
2. Understanding the local market
3. Understanding the needs of families
4. Understanding finances
5. Managing and monitoring money
6. Considering the options available
7. Using market research to create a business plan/action plan
8. Implementing the plan
9. Communicating and promoting the entitlement to families
10. Ongoing review and monitoring of the plan

Step 1 Understanding the business

Before any preparations for 30 hours of free childcare in September 2017, it is important early years businesses understand themselves. A SWOT analysis is a useful tool to review strengths and weaknesses (or areas for development), and to look at opportunities and threats that exist. This tool helps working out the starting position, before planning for change, growth or expansion.

Thinking about strengths identifies what is good about a business and what can be improved or built upon. Focussing on weaknesses (areas of development) helps identify areas within a business which could let it down if they are not dealt with or resolved.

Identifying opportunities creates areas that have potential for development. What could be changed to improve sustainability or income? For example, does the setting operate near an employer who works shift patterns or weekends? Could the setting open longer to meet this demand? Being clear about threats helps describe the risks that could affect the success of a plan. What needs to be prepared for, controlled or minimised within the business? For example, is there a new housing development planned which will increase the demand for childcare, or maybe a new nursery or school opening which could increase places and raise competition locally.

It will be easier to manage internal factors (strengths and weaknesses) than external factors (opportunities and threats). Being aware of as many external factors as possible is a great idea. A SWOT analysis should be completed annually by management or as a full team activity, and this information used to inform a development plan. A SWOT analysis template is illustrated below.

<p>Strengths</p> <p>(Things that are good about your business that can be improved or built on).</p>	<p>Weaknesses</p> <p>(Things that could let you down if they are not dealt with or resolved).</p>
<p>Opportunities</p> <p>(Areas that have potential for development. Things that could improve your sustainability, income etc.).</p>	<p>Threats</p> <p>(The risk that could affect the success of your plan. Things that need to be prepared for, controlled or minimised).</p>

Further information and instructions about SWOT analysis can be found at:

<http://www.businessballs.com/swotanalysisfreetemplate.htm>

Step 2 Understanding the local market

Understanding the local childcare market is really important when considering expansion, delivering places differently, starting something new, thinking about what is missing, or finding opportunities:

- What other childcare providers offer in the area?
- What flexibility choices can families get from other providers?
- When are they open from and to?
- What do they charge?

Understanding the fees being charged in an area is useful information for financial planning. Remember, all childcare settings will have different costs. Whatever is charged should be based on actual costs and expected profit, not on what everyone else in the locality is charging. For example, if there is a mortgage, and another local provider has a very low rent premises costs will be very different.

Once there is a clear picture of what is on offer in the local area, identify gaps in the market or opportunities, for example:

- If all providers are term time only. Can the setting deliver over 47.5 – 51 weeks?

- If no-one opens earlier than 8.00am and all provision closes at 6.00pm – Can the setting extend the day to reflect the new delivery model of 6am to 8pm? Is there demand?
- If there is a lot of term time and sessional provision – could the setting develop and offer a new before, afterschool and holiday care solution (wraparound) working with the sessional providers to offer families extended days and all year round solutions?

Local authority Childcare Sufficiency Assessment (CSA) reports are published annually, they are a useful resource for informing market research. Read the free entitlement guidance and how the entitlement can be delivered, this will ensure the statutory requirements will be met. The 30 hour free childcare entitlement: delivery model, Government consultation response, November 2016 which can be accessed here:

<https://www.gov.uk/government/consultations/30-hour-free-childcare-entitlement>.

Step 3 Understanding the needs of families

Regularly take feedback from families to ensure services continue to meet changing demands. When thinking about delivering 30 hours of free childcare it is useful to consider the eligibility criteria and reflect on the needs of eligible working families. Information about eligibility can be found in the draft statutory guidance which is available from

https://consult.education.gov.uk/early-years-funding/childcare-free-entitlement/supporting_documents/STAT%20GUIDANCE%20latest.pdf

Once there is an understanding of the eligibility criteria, think about the families who currently use the setting. It is good practice to consult with local families including users and non-users regularly (at least on an annual basis) and really important when considering any change or expansion to ensure delivery models offered reflect their needs. Ask:

- Do I think I have families who are eligible?
- How do working families currently take their two-, three- and four-year-old free entitlements?
- How many of my funded two-year-olds may increase their hours from 15 to 30 in September 2017 when the entitlement is introduced?

- What other arrangements do working parents using my setting currently make if they need more childcare than I can offer?
- Will there be any changes in demand?

Market research with the families who currently use the setting, children in lower age groups and children on your waiting list will provide some of the answers. If there aren't younger children, consider attending groups such as parent and toddler groups to ask them. Develop a simple questionnaire, ask parents a question about eligibility when they first apply for a place, start asking families what they may need, this could give an early indication about future demand to support planning.

Step 4 Understanding finances

Before plans for future change are developed, ensure there is clarity about the current financial position. Here are some key considerations:

- Do I know how much it costs me to deliver the free entitlements for two-, three- and four-year-olds?
- Is my budget based on planned expenditure and are your fees based on achieving this income?
- What do other local providers charge for similar services?
- Am I competitive?
- How much do I need to charge per hour, per session, or per day to cover all the costs associated with delivering the EYFS and early education?
- Is my fee structure based on a breakeven analysis and does it ensure a surplus or profit?
- How much surplus will I generate to ensure my long term sustainability or plans for growth?

If you cannot answer the questions above you can use the formula here to work it out – this is called breakeven analysis.

Step 1	Calculate your current annual costs (using your budget)	£	A
Step 2	Calculate the number of weeks your setting is open		B
Step 3	Divide figure A by figure B to give the weekly costs	£	C
Step 4	Multiply the hours per day you are open by the number of places available each day by the number of days a week you are open in a week. This gives you the total number of hours per week.		D
Step 5	Divide figure C by figure D to give you the breakeven hourly fee (assuming full occupancy). Your breakeven rate is	£	

The formula shows how to calculate the income needed to breakeven when 100% occupied. This is not the reality in which childcare providers operate. Settings may choose to operate at a specific number below maximum occupancy level. Attendance numbers may rise and fall across the week, and the year, so settings should use an average occupancy figure (there is information on this to follow).

In an ideal world settings should be aiming to breakeven where 100% of costs are covered by 75% - 80% of income. This means for every funded or paid for hour sold/occupied over 80% a surplus or profit is generated. This can be calculated using the formula here:

Step 1	Using the information from the previous table. Multiply the figure D by 80%		E
Step 2	Divide figure C by figure E to give you the breakeven fee per session assuming 80% occupancy rate per session	£	F
Step 3	Your breakeven hourly rate at 80% occupancy would be	£	

If the setting normally operates at 65% or 75% occupancy, the same formula can be used. When it is understood how much is needed to charge to breakeven at normal occupancy level, consider what other providers charge and consider a fee structure that allows for a surplus/profit as required.

Supporting families to understand what support is available to reduce the cost of childcare, above the funded entitlements, is really important as part of supporting realistic fee structures. Tax free childcare, Universal Credit, childcare vouchers and other bursaries are all ways families can reduce childcare costs.

Funded by the Department for Education (DfE), the Family and Childcare Trust has produced a really useful flyer which is aimed improving knowledge of childcare entitlements and subsidies to support information to prospective and current parents and increase access to childcare and the early education. The flyer can be accessed:

http://www.familyandchildcaretrust.org/sites/default/files/Help%20with%20Childcare%20Costs%20leaflets_unbranded.pdf

4.1 Understanding and monitoring occupancy

It is important to monitor occupancy levels as these can impact on the sustainability of settings. Budgets can never be accurately predicted if the occupancy figures are not correctly captured or estimated.

Considering occupancy by only using numbers of children on the register is misleading, as it only measures the number of children who come through the door in a week, for example:

If the setting is a 24-place nursery offering two sessions per day and has 36 children on the register, they may think they are doing well. If the average number of sessions booked each week is only four per child, there could be a problem. The simple calculation here can assist:

Step 1	<p>Work out the number of sessions you are filling. This is:</p> <p>The number of children on roll x number of session booked each week per child = sessions per week (actual occupancy).</p>	<p>e.g. the number of sessions per week is 144 (as there are 36 children attending for four sessions).</p>
Step 2	<p>Now work out the capacity of your setting.</p> <p>Number of places x number of sessions per day x five days per week = capacity.</p>	<p>e.g. if you have 24 places offered over two sessions a day over five days your capacity would be 240.</p>
Step 3	<p>To work out occupancy level.</p> <p>Divide actual occupancy by capacity.</p>	<p>e.g. (144/240)</p> <p>In this example you would be currently running at 60% occupancy.</p>

What counts is not how many children are 'on roll', but how much childcare is actually being used and paid for by families. Forecasting occupancy levels should be a key action in the business planning process. Understanding occupancy levels allows for predictions, setting realistic budgets, understanding when in the year or week attendance numbers are anticipated to be low and therefore supports action. There are many occupancy tools/spreadsheets available online. Most are free when accessed through local authority business support pages. There may be an occupancy tool as part of the setting's financial management package which does this. Make sure it is found, understood and used!

Using these tools as part of business planning and budget preparation process will inform regular reviews of staffing and ratios, and annual reviews of fees and charges before the start of each financial year. This will ensure they are still sufficient to generate enough

income to cover the anticipated expenditure, plus a margin towards building-up reserves for rainy days, unexpected costs, emergencies or plans for growth or improvement.

Step 5 Managing and monitoring money

By law up-to-date and accurate business records of business income and expenditure need to be kept. Keeping accurate records will help manage the business more efficiently. If the precise financial status of the business is known, the setting will be in a good position to make changes, grow and deliver differently, or take action towards potential problems. Keeping financial records in order helps complete and submit end of year reports to the Inland Revenue, Companies House or the Charity Commission as well as ensuring sustainability.

Monitoring money is an essential part of any business planning process, and especially important for 30 hours of free childcare. To really understand finances:

- Review past performance to identify what has happened and learn lessons for the future
- Understand and review the current position to ensure things are running smoothly
Consider the future, to plan and forecast to ensure long term business sustainability

5.1 A business forecast or budget

This supports the planning of business activities for the coming year. It is used to forecast income and expenditure for the year, and should be included as part of a business plan. It shows an informed estimate of the income, costs and expenses and gives a forecast of the business expectations for the coming year. By forecasting the expected income and expenditure, a setting is able to make practical decisions and set processes in action to enable it to prosper and meet objectives. Budgets inform plans and enable comparisons to the indicative budget the local authority provides you with for the free entitlement. The budget should take into account any changes made to the delivery model, any capital expenditure and any other additional expenses.

5.2 A cash flow forecast

This is a statement of when cash is coming into a business and when cash is being paid out. Regular updates and reviews of cash flow aims to ensure the business always has enough money at the right time to pay bills. It supports decisions around staffing effectively and efficiently. It also anticipates when not to spend out on non-urgent or important areas. Cash flow forecasts need take into account any new services planned and should be based on realistic occupancy levels – especially when starting something new.

5.3 A monthly budget

Using a budget or business forecast can identify how much money should be spent and received each month – this will enable control of the business especially during periods when something new is being introduced or there is change to services. The monthly budget should detail every item of income and expenditure that has actually occurred within the month. It is cumulative, so it gives an instant view of the balance at the end of each month, and for that point in the year. It should show any 'variance', which is the difference between the 'forecasted' spend and the 'actual' spend, for that point in the year. Continually reviewing and updating the budget can help ensure the business does not spend more in each period than was forecasted.

5.4 Profit and loss statement

At the end of your financial year, a profit and loss statement should be prepared to show surplus/profit or a loss. An annual profit and loss statement summarises all income and expenditure in that year. It helps create a business forecast for the following year and can provide reliable figures for the next year's cash flow forecast

5.5 Reserves

Ideally, as part of the annual budget setting process, the business will be aspiring to build-up, and then maintain, reserves at a level sufficient to cover three months of average staff wages and routine operating expenses. 40% of annual operating costs is a good target to aim for. This is to cover any periods when income is delayed or is not enough to meet the outgoings, and also for saving towards the cost of replacements, repairs and renewals of

equipment and premises, unexpected costs, emergencies, or plans for future growth and quality improvement.

5.6 Reporting

Financial reports should be produced for the management team or committee on a monthly/termly basis to show:

- Actual income and expenses compared to the budget
- Bank and cash balances at the end of the period, and level of reserves held – all to have been ‘reconciled’ to the bank statements
- Any known upcoming large income and expenditure – especially where the amount and/or timing differs from the original budget.

Monitoring actual income and expenditure in comparison with the budget will support control of finances.

Step 6 Considering the options available

Now there is a really good understanding of the business, it is time to explore how the setting could meet the changing needs of families and offer 30 hours of free childcare.

In essence there are a number of options:

- Do nothing
- Increase capacity by expanding the business and increasing places
- Move from a sessional model to all day delivery
- Extend the day or extend weeks open beyond term time only
- Change the delivery model or routines to offer places differently
- If a school, commission a partner to deliver
- If a PVI provider, deliver services in partnership with a school
- Work collaboratively with other local providers to offer parents the additional hours across a partnership model.

6.1 Do nothing and continue to deliver exactly as you do now

The DfE estimates 42% of parents will be eligible for 30 Hours free childcare¹. Demand will be driven by local communities and parental choice. There will continue to be demand for the universal 15-hour model as part of a vibrant and healthy market. Settings can and may choose to maintain the status quo and deliver the 15-hour model. It is important to have taken steps one to three when making this decision. Doing nothing is a choice, if a setting is unable to offer more, or has made a decision not to offer the extended entitlement. In any event being part of a partnership/collaborative model to offer parents choice and access to your services is an important consideration.

6.2 Increase capacity to expand and increase numbers

There are several ways you can expand:

6.2.1 Moving to new premises or extending existing premises may be the only option for some settings to be able to offer more hours and greater flexibility. Many providers have done just that, even those that thought such solutions were unsurmountable or unrealistic dreams. The starting point is a good business and fundraising plan. Local authorities sometimes have capital grant funds for such needs, and often can be both under- or overwhelmed by demand from providers for them. The DfE announced a total of £50m of capital funding to support the creation of early years places. £40m became available for local authorities to bid for to increase capacity for 30-hours of free childcare in the summer of 2016 – settings may have worked with a local authority to secure the capital funding needed as part of the bidding process. In addition, the DfE has announced the creation of the Early Years Investment fund which will be in place late 2017/2018. This fund will aim to attract additional investment into the early years market to support providers to expand sustainably to deliver 30 hours and deliver wider policy objectives like quality provision for disadvantaged children, SEND, integration of childcare with wider community services.

The local authority is not the only source of funding to make such expansion projects happen, there are thousands of local and national charities and trusts who have given funds,

¹ House of Commons Library Briefing Paper 07581, June 2016
<http://researchbriefings.files.parliament.uk/documents/CBP-7581/CBP-7581.pdf>

and social investors too. Some examples include: settings being awarded Government capital grants of around £150k from the local authority alongside fundraising as much as £70K. Section 106 funding (Under S106 of the Town and Country Planning Act 1990), can be provided by developers towards the costs of providing community and social infrastructure, the need for which has arisen as a result of a new development taking place.

6.2.2 Reconfiguring existing space. Settings may have opportunities to increase capacity without the need for capital funding. If there is existing unused space or access to additional space this can be a less expensive option for increasing capacity.

Before and after school space, community rooms and nursery class spaces are often only used outside of school hours – are there opportunities to develop multi-functional spaces to accommodate additional demand?

Sometimes taking time to reflect on how space is used can be useful and can lead to some creative solutions. Ask someone to come and take an objective look:

- If the largest room has a reduced occupancy and there is a waiting list for another – could things be swapped? Increasing occupancy, capacity and flexibility
- Storage space - moving storage space to outside sheds or containers can create that little extra space needed
- Minor works to remodel existing spaces can relinquish a great deal of additional space.

Settings may choose to operate below maximum numbers, if there is unmet demand is it possible to increase staffing? With an additional member of staff could the setting increase capacity by eight/thirteen places (for three- and four-year-olds)?

6.3 Reconfiguring the delivery model within existing space – extend the day or extend weeks beyond term time only. Reviewing how the setting works will reveal the times of peak and lower occupancy. Identifying demand patterns can focus teams on filling blocks of time that are not yet reaching their full potential. There may be opportunities to increase capacity by opening earlier than 9am and later than 4pm. Opening on a weekend is another opportunity as there are many parents who work weekends and require childcare. The entitlement is not limited to week days only.

Childcare sufficiency assessments, research reports and DfE parent surveys often highlight an unmet demand for childcare from parents during school holidays. This usually means a need for early learning, pre-school provision, throughout the year, rather than following the school timetable. By opening beyond 38 weeks, parents can be offered the opportunity to purchase more hours, or take-up 30-hours of free childcare in a stretched model using less hours a week for more weeks. Typically settings who opt to open for longer weeks open between 47.5 - 51 weeks of the year. This offers many more flexible options for the delivery of provision and parents' access to it. Opening in the school holidays also opens up business opportunities to provide out-of-school childcare for older children.

6.4 Reconfiguring the delivery model within existing space - offering places differently

If settings are unable to offer 30-hours as standalone places, they should consider delivering a model better suited to the needs of working parents, and which maximises available income. One option could be to move from morning and afternoon sessions to include lunch as part of the entitlement, offering six hour days.

Operating across the lunchtime period is an opportunity to deliver aspects of early learning around language and communication, these should not be viewed as simply childcare sessions. There are many different successful models of delivering across lunchtime. The 30 hours of free childcare entitlement: delivery model, Government consultation response, (November 2016) indicates statutory guidance will clarify government funding is intended to deliver free, high quality early education. Providers are already able to charge parents for discretionary items, such as meals, provided they are not a compulsory condition of accessing free Government funded entitlements. Early years funding from local authorities does not have to cover the cost of a lunch. Settings do not have to charge for services, but it is possible to do so. Charges will be based on individual premises and facilities, and what is possible. All aspects of the free entitlement should be free of charge at the point of use, no family should be compelled to purchase lunch or additional services. So, choices around where, and what food, needs consideration.

- Where will I serve lunch? Do I have a separate dedicated area, or will lunch take place in my main learning areas?

- What food will I serve? What are families’ preferences, hot or cold meals or a packed lunch brought from home?
- Do I have the facilities to prepare food or can I purchase meals from a school meal service or similar?

Ensuring staff ratios and maintaining consistency for children needs consideration.

- How will I cover staff lunchtimes?
- Will I need additional staff or can I redesign rotas? Can I introduce new shifts to span the middle of the day to provide additional resource during lunch breaks?
- What can I learn from the established practice in full day care of using staggered lunch breaks used by full daycare providers?

Stretching the free early education entitlement for longer than 38 weeks, offers children the opportunities of attending the same provider all year round without the need for purchasing additional childcare during the school holidays. 30-hours of free childcare from September 2017 may provide opportunities for settings to offer parents 22.35 hours all year round, rather than 30-hours for 38 weeks. Instead of having 30-hours each week for 38 weeks, a child could have less hours per week for more weeks of the year. This is a consideration when thinking about paid for hours. Here are some examples:

38 weeks (30 hours)	47.5 weeks (24 hours)	51 weeks (22 hours)
3 x 10 hour sessions	4 x 6 hour sessions	2 x 8 hour sessions 1 x 6 hour session
5 x 6 hour sessions	12 x 10 hour session + 1 x 4 hour session	2 x 7 hour sessions 1 x 8 hour session
4 x 7.5 hour session	3 x 8 hour sessions	3 x 5 hour sessions 1 x 8 hour session

6.5 Work collaboratively with local providers to offer parents the additional hours. A setting may not be unable to meet the differing needs of all families who may want to use it. Even if you are able to deliver 30-hours. Families may still require childcare services that are impossible for a standalone provider to deliver. This is where partnerships and new collaborations become a positive solution. Full daycare and sessional settings connecting up with childminders and other providers, such as out of school groups, can offer funded hours in new models and patterns of delivery. Not all will be new many these arrangements will

mirror the existing solutions families use to meet their childcare needs currently. The additional 15-hours of funding offered through 30 hours free childcare will make childcare more affordable for parents. In partnerships where some providers cannot open beyond the traditional school day other partners will step in and extend the day and year as needed.

Establishing partnerships don't just happen overnight, they need work, commitment and an open and honest approach to developing relationships, routines and trust. In any partnership or collaborative model the experience of the child, especially in terms of quality of provision, transitions and continuity of care must be of primary importance. There is learning available from the 4Children Early Learning and Childcare Hubs project <http://www.foundationyears.org.uk/hubs/> or from the newly published DfE 30-hour mixed model partnership toolkit which can be found at:

<http://www.familyandchildcaretrust.org/getting-started-dfes-30-hour-mixed-model-partnership-toolkit>

Independent mediation can help, as can a local authority, provider network, children's centre, or other organisation to identify potential partners and broker relationships.

Since 2016, childminders have been able to deliver up to 50% of their time from non-domestic premises, this offers new opportunities to collaborate with schools and other childcare providers. As demand changes, childminders have new business opportunities with the potential to expand by employing assistants, allowing them to extended opening hours increase numbers and the flexibility of their model. With 30-hours of free childcare, childminders linking much more formally with other group providers may unlock the barriers parents experience to find workable solutions for them and their children, especially for early mornings, late evenings and weekends. There are opportunities for children and families to benefit from both group settings, and a home based provision Children who have grown-up with their childminder since they were very young, can extend their learning by using some of their hours in a group setting; or children starting a group setting at two-, three-, or four-year-old could use their extended entitlement with a childminder. It seems to offer the best of both worlds.

Whatever partnership model is established, the Early Years Foundation Stage (EYFS), transitions, information sharing, and how partnerships work together ensure consistency and high quality early learning and childcare for each child should be the priority.

Step 7 Using market research to create a business plan/action plan

All the previous work will inform thinking, as will market research and the SWOT analysis – all should have highlighted:

- The strengths of the business, and how they could be built on
- The weaknesses of the business, and the plans to improve/minimise these
- The opportunities
 - What is missing in the locality?
 - What have parents said they need?
- Any threats, risks or dangers and the plan to minimise these.

Using this information develop a business plan/action plan. Should you/could you:

- Do nothing – if research shows there is no demand?
- Increase capacity to expand and increase numbers or is there unused space?
- Extend the day?
- Reconfigure the delivery model to offer places differently – stretching the entitlement for longer than 38 weeks a year?
- Work collaboratively with local providers to offer parents solutions which allow them to access their 30 hours in models which support them to work?

Whatever action chosen, plan next steps in terms of 570 and 1,140 hours per year. This is important when considering finances, sustainability, additional chargeable hours, and fee structures.

Once the preferred model has been chosen, start writing the business plan and associated budget. Develop an action plan based on market research and parents' consultation. Writing a business plan is straight forward. In simple terms it is a document that creates clarity around target achievements, and an understanding of the necessary actions. A

written business plan provides an explanation of the numbers contained in the budget.

Details about writing business plans can be found at:

<http://www.businessballs.com/freebusinessplansandmarketingtemplates.htm#business-plans-structure-template>

The development of a business plan will also enable challenges and support requirements to be identified. It may also be useful to identify training, websites and online resources which can provide essential business skills and tools.

Further information is available in the Early years business sustainability: guides for providers published by DfE on 1 December 2016.

<https://www.gov.uk/government/publications/early-years-business-sustainability-guides-for-providers/business-insights-from-successful-early-years-providers>

Do not forget to ask for support from local authorities, other organisations or other sources of business support.

Whatever tool/format used for the business plan, it will need objectives. Ensure the plan can be monitored and it is going to achieve the outcomes wanted. When setting objectives or actions remember the following acronym – SMART:

- Specific – specify what you want to achieve
- Measurable - measure how you are meeting objectives or not
- Achievable - are the objectives you set, achievable and attainable?
- Realistic – can you realistically achieve with the resources you
- Time – when do you want to achieve the set objectives?

Ensuring your plans are SMART will make monitoring so much easier.

Step 8 Implementing the plan

The business plan/action plan will set out the actions required by who, by when and any finance associated with the plan. Consider regular communications with staff, partners and parents.

To implement the plan, changes to staff routines and working practices may be necessary. These can be sensitive areas and should be done with full and real consultation of the whole staff team. Everyone affected should be included in developing solutions and action plans. Involving teams from the start will encourage new ideas and staffing options not thought about. When staff move on to new opportunities, always reflect on what is needed in the future, do not just replace like for like. Remember deployment of staff must be to the required ratios of adults to children.

Any plan needs to be monitored to ensure progress is being made and actions are being completed. SMART objectives mean this should be easier. Ensure the plan is regularly reviewed as set out in the monitoring section of the plan.

Step 9 Communicating and promoting the entitlement to families

Once implementation has started, focus attention on ensuring occupancy levels are high, the business is breaking even, and working towards a surplus/profit.

Use the market research to inform the design of information and marketing messages for parents:

- Support families' confidence in using childcare
- Ensure staff understand how parents can reduce the cost of childcare above the funded entitlements

Consider cultural perceptions and how partnership working can be promoted to ensure positive attitudes towards all different types of provision, including childminding:

- Increase awareness of the flexible services on offer to reduce myths and stereotypes

Ensure marketing materials, any online advertisements, and web pages state clearly what flexibility options are offered, move beyond factual statements about opening and closing hours and days. Ensure messages make it clear to parents there is no requirement that early education places/free childcare be delivered over 38 weeks of the year only, or in line with maintained school term dates. Know where to signpost a parent if the setting cannot deliver the model that meets their needs or demands.

Parents may need support to navigate information so they can work out how they can use their entitlement across partnerships and collaborative models. Ensure the setting's website and promotional literature has links to local authority information about additional support for brokerage. Consider placing links to national and local information about the entitlements on the website and in the prospectus.

Step 10 Ongoing review and monitoring of the plan

The best laid plans sometimes go off course, this is okay. Monitoring progress identifies actions necessary to put the plan back on course. It is a concern when businesses are unaware their business plan is not working, until it is too late to take other action.

Top monitoring tips:

- Create a monitoring plan as part of the business plan – ensure this happens
- Think SMART!
- Monitor finances monthly – reconcile accounts and check against budgets
- Review and monitor occupancy and take up regularly
- Ask new parents how they heard about the setting
- Think, is the marketing working? Ask parents who don't start with you why not?
Knowing why someone hasn't chosen you is as important as understanding why they have.
- Review waiting lists, and be honest with families – don't keep families on the waiting list if there is little chance of an offer of a place.

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