



The Hempsall's Business Change and COVID-19 Response Tool

THE SESSION IS STARTING SHORTLY...

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Welcome and introductions

Hello everyone and welcome to today's Business Map webinar.

My name is James Hempsall and I will be chairing today's event, the delivery of which is supported by my colleagues Jo, Barbara and Donna and Kate, as well as a number of providers sharing their experiences and approaches to business.

Today's session(s)

I am thrilled so many of you have booked to attend today's sessions either in the morning or early evening.

This session

- 9.45-12.30
- 6.30-8.45

The sessions are full and there is much to cover.

We will be sharing the slides and notes with you at the end as well as the Business Map itself and other resources.

Please use the opportunity to ask questions or comment using the Q&A function or info@hempsalls.com.

After today we will be providing a recording so you can revisit the session or those unable to attend can access it. We will also share a FAQs.

Aims

DfE has funded Hemsall's to deliver this new national webinar for all types of early years and childcare provider.

We know from our own past, recent and current experience, managing an early years and childcare setting, whether it be a homebased childminder, out of school club, a small voluntary playgroup, a nursery or a chain, a school or children's centre, is complex task.

It is one of balancing quality, health and safety, with parents' and children's needs, funding and fees, and business sustainability.

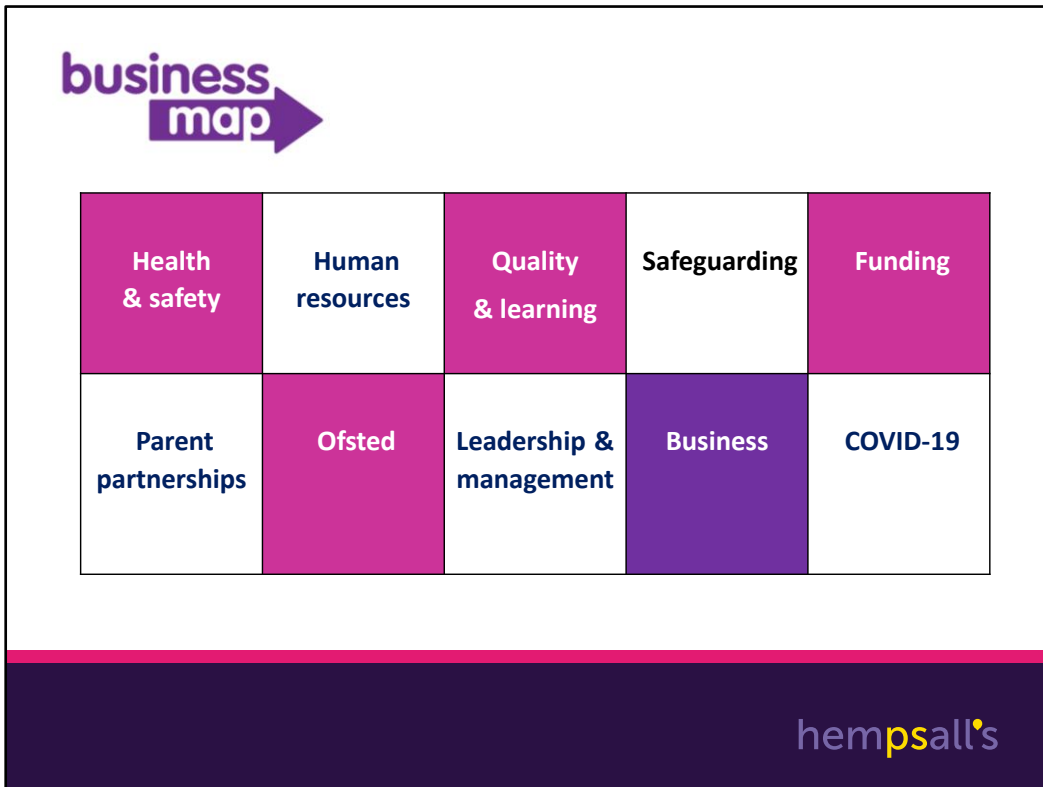
The webinar will outline steps we could take to business plan for now, summer term and across 2021.

It is developed around a six-step Business Map process, that aims to assist anyone thinking about necessary business decisions to support business change and sustainability, whether they are new to the role or an experienced manager.

Hemsall's has spent 20 years helping providers to create childcare places, introduce funded early years entitlements for two-, three- and four-year-olds, and manage business sustainability. This year has been no exception, and our team has been busy delivering very many online information sessions, online training workshops and one-to-one business support to make sense of the current business needs in early years and those prompted by COVID-19.

Hemsall's has been asked by DfE to share this approach and some new tools and resources, as well as highlighting all the support that already exists in the sector.

What will the session cover, how will it be structured?

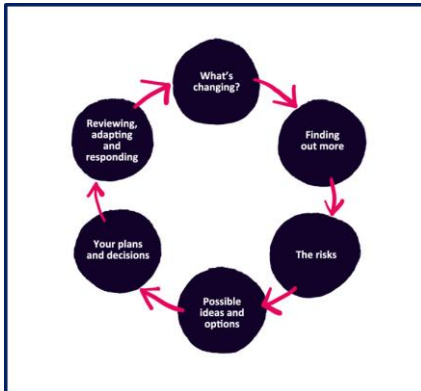


More about the aim:

- Our aim is to help everyone by offering and sharing useful ideas and approaches to business support.
- We want to help with business planning and balancing quality, safety and sustainability.
- We know there are a lot of business planning tools out there. We didn't want to duplicate those.
- We also know many providers are very capable of managing their own businesses and are experts at it.
- We also meet lots who ask for more help.
- One thing for sure, none of us have ever managed any business through a global pandemic before. And so we are all in the same boat.
- Rather than repeat what is out there, instead, providers have told us there is a need for thinking about a whole process of looking at the current and future needs of any childcare businesses.
- It has been coproduced this year through very many information, training and one-to-one business support sessions with all types of early years and childcare provider.
- And so it uses the best of what we knew before last year and includes the lessons learned in 2020.
- The Business Map aims to show the way.

business map

...and six things to do



1. 'What's changing' section.
2. Use tools to 'find out more'.
3. Identify the risks.
4. Consider ideas and options.
5. Return to risks and think about actions to reduce/remove them.
6. Complete the action plan and monitoring tool.

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The Business Map sets out a journey.

There are six stages and six things to do:

1. We start by looking at what's changing.
2. Then how we find out more about how this affects each setting.
3. After which there is a risk assessment process, this is more about identifying what the pressure points are.
4. Then we explore possible ideas and options, including what has worked for others.
5. After that we help everyone to consider their own plans and decisions.
6. At the end there is a review and the process starts again if adaptations are needed.



What's changing?


Everything

- Employment
- Working habits
- Parents' confidence
- Population

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- There's so much change and uncertainty in any business in any normal year.
- Business planning is indelibly linked with marketing and by that I mean keeping on top of family and funder dynamics i.e. what families want and need and demand, and what funders are wanting to purchase and how.
- We all know this is a huge issue right now. Few businesses, if any will be in the same position they were this time last year.
- It is important we understand what has changed, what is changing and what may change in the near future.
- Good research can help (but it is scarce and not always accurate or timely) and so our own experiences and those of others can tell us very much.
- All this change affects our business and finance models and ability to deliver. And in the market family preferences, confidence levels, needs and demands are extremely fluid.
- We must include all of this in our business planning and support. That does not add up to an easy task.

- As ever, things like employment levels, population changes, birth rates, new housing, changing employment patterns, different working practices, all remain highly relevant.
- Let's acknowledge that some providers and businesses are growing and busier than before, others are starting up, and others are less busy, and some are worried about their futures.



**business
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Change

The labour market

- Government COVID-19 financial schemes
- Forecast unemployment
- Changes to work
- New and different employment

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The world of work is vitally important to the childcare market. We help families enter employment, and balance their work and home lives.

This past 12 months has changed the labour market in many ways.

So far, the Government's Coronavirus Job Retention Scheme (furlough) and the self-employed income support scheme have aimed to help retain many jobs. As well as other general support.

Initially ending in October 2020, these schemes have been extended to April 2021.

What will happen to unemployment levels after that is open to speculation.

- The Organisation for Economic Cooperation and Development (OECD) warned UK unemployment would hit a record high.
- Whilst employment forecasts differ, and acknowledge a high degree of uncertainty, the Office for National Statistics (ONS) reported the number of people on payrolls in September 2020 was down 673,000 from March with the claimant count up to 2.7million.

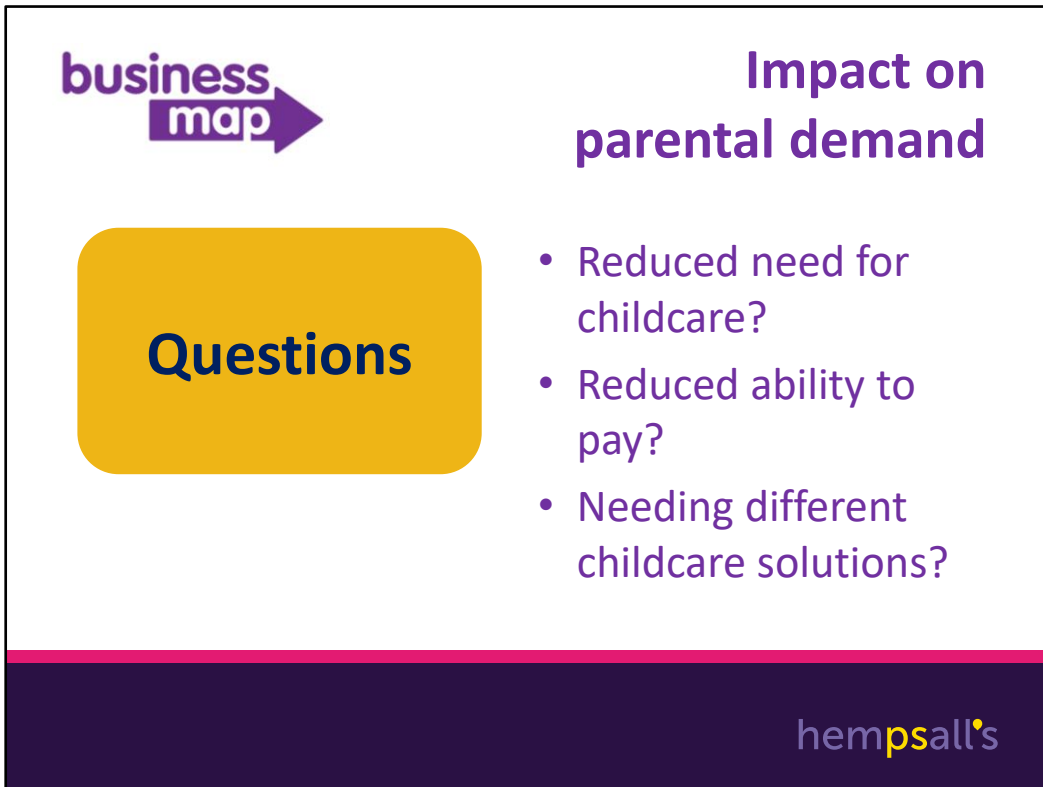
<https://data.oecd.org/unemp/unemployment-rate-forecast.htm#indicator-chart>

It is hard to predict how long the impact of recent changes and COVID-19 will last, how much it will impact on the labour market. But it's not just levels of employment, its also about changes to how people work.

During the first lockdown, non-essential workers were required to work from home wherever possible. Online meetings and virtual offices became the norm for millions of people. More people now work from home, either all the time or for some of the time.

- A recent survey from the British Council for Offices (October 2020) found in future white collar workers will adopt a mixed approach, combining remote working with working in the office. You will understand that as it matches your lived experiences.
- The Institute of Directors agreed more firms are taking a mixed approach to where their employees work. A new IoD survey of almost 1,000 directors found that three-quarters anticipated more home-working after the pandemic, and more than half planned to reduce their long-term use of workplaces. <https://www.theguardian.com/business/2020/oct/05/covid-19-has-changed-working-patterns-for-good-uk-survey-finds>

There are and will be changes to how we work, but also new employment opportunities. For example, where there are regeneration plans for local areas that involve new jobs, or new hospitals being built, or large retailers moving in to an area. Change is not always a bad thing, we need to understand the drivers and respond accordingly.



These factors are hugely significant for childcare use and levels of paid-for childcare. They also directly affect demand for entitlements such as two-year-olds and 30 hours, as they contain economic or income eligibility criteria.

It is hard to predict long term parental demand.

DfE estimated around 795,000 children were attending early years settings in the second week of December, which was 86% of the usual daily level.

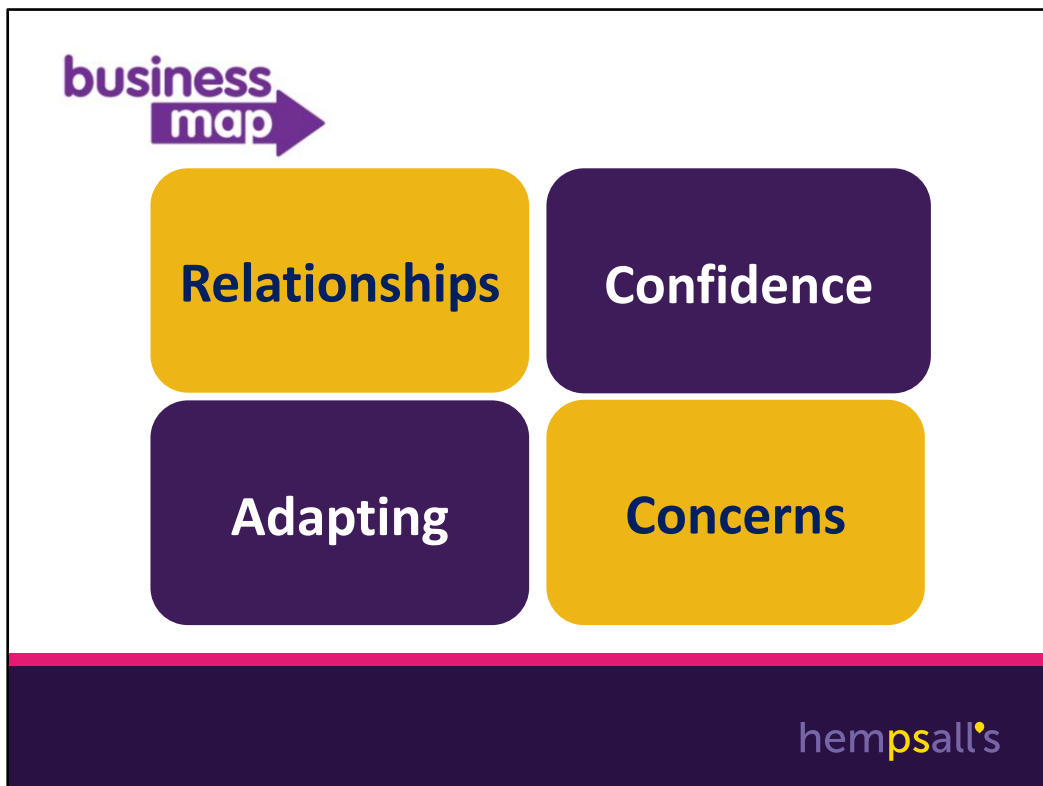
Our experience was that demand for the early years entitlements for three- and four-year-olds had not been hit as hard as demand for two-year-old funded places and paid-for hours. Two-year-old take-up has reduced and we think this is more pronounced in BAME and non-working households.

Families are rethinking their childcare needs. Changes in working patterns (e.g. working from home some of the time) may mean parents don't need or want as much childcare as before, or different hours as they no longer commute to work some or all of the time.

They may be able to share childcare between parents, they may have more or less access to grandparent childcare, flexible and home working may change the hours of the day that childcare is needed for. Numbers for two year olds and 30 hours may go up or down as families' economic circumstance change

and it brings them in or out of their eligibility.

Losing income, or having reduced income may impact on parents' ability to pay – not just for pre-school childcare but for out of school as well.



We have all noticed parents' anxieties around using childcare outside of the home as a main barrier to take-up.

Whilst confidence was growing in autumn term, recent lockdown restrictions have brought parents' anxieties around the safety of provision again as established infection controls are being viewed against a backdrop of a new highly infectious strain of COVID-19.

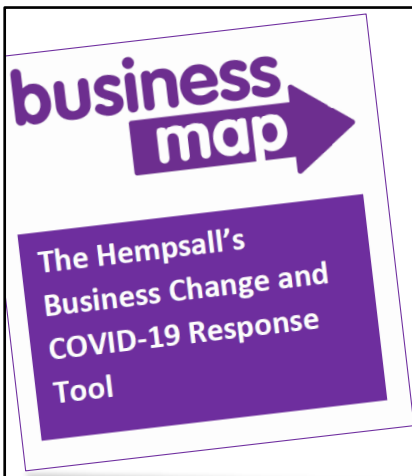
To help, providers have changed the way in which we work with parents e.g. drop offs, routines, show arounds, new ways for settling in etc. Many of these have been really effective and beneficial. Relationships have been good.

Really good infection controls can help allay parents' anxieties, and some settings we have worked with report increased levels of enquiries, and had good indications of demand for the spring term and later, for others the reverse is true. This has been further impacted by rising infection levels, new COVID-19 strains and additional lockdown requirements this term already.

Business confidence is always strongly impacted by the feeling of not knowing what will happen next, and how it will affect their financial and business models.

And this permeates across businesses, and teams in terms of the needs of the workforce.

Business Map aims to help...



How the business map can help

- Reflect on how COVID-19 has affected early years and childcare businesses.
- Consider ideas and options to support business direction.
- Develop plans to balance service delivery with safety and sustainability.
- Use planning tools to support now, next and later.
- Embed a process of regular review.
- Show how to access other support.

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Business Map can be used to reflect on current business issues and needs including how COVID-19 has affected them.

It will help to consider ideas and options to support business direction.

The information collated and the tools included can assist to develop plans to balance service delivery with safety and sustainability to support now, next and later.

Using the tools can also help to embed a process of regular review and there are links throughout to other support.



'What's changing for your setting'

- a) Analyse demand and occupancy.
- b) Understand if parental preferences and behaviours are changing or not.

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An important early step is to understand historical occupancy patterns and how they compare to occupancy now, and predicted occupancy.

It helps establish take-up trends, identify unpopular days or sessions, and recognise emerging changes in parental preferences and patterns.

This can help estimates around what might happen next.

- Registered capacity v operating capacity
- Compared to last year
- Compared to others in the area

The occupancy and staff ratios at early years providers research report published in October 2020 by DfE aimed to better understand providers' perceptions of what affects occupancy in their setting and to gather their views on the barriers to increasing occupancy rates.

It used data collected in the Survey of Childcare and Early Years Providers (SCEYP) 2019 from March-July 2019 and data from in-depth interviews with group-based providers and school nurseries from January-March 2020.

The report focused on the experiences of the sector before the COVID-19 pandemic but there are some considerations that inform any business decisions.

Interestingly, providers completing the survey rarely described occupancy at their setting as being 'high' or 'low'. Instead, they referred to the number of children enrolled compared to the number that the setting was registered for, as well as to variations across age groups, days of the week and the timing of sessions.

Providers spoke about being 'at full capacity' or working 'below capacity'. There were instances where settings reported being at full capacity based on the number of staff employed rather than the maximum number of places that could be booked. Some provider used comparisons with previous years and

others compared their setting's performance with that of settings of the same type as well as of different types within the area.



Calculate the maximum 'fundable or sellable' hours available each week

| Calculating maximum occupancy | | Example | |
|-------------------------------|---|--|--|
| A | Calculate the maximum 'fundable' or 'sellable' hours available each week. Hours per week the setting can sell x number of registered places = Total number of hours available to be sold each week. | 50 hours per week x 42 registered places = 2,100 | |
| B | Multiply A x number of weeks open to calculate annual maximum occupancy . | 2,100 x 50 weeks a year = 105,000 | |

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The starting point in the Business Map is analysing occupancy.

You may describe occupancy in a variety of different ways as the survey illustrates.

However, counting children on register can be misleading, as it only measures the number of children who come through the door in a week or a term.

The illustrations used in the Business Map consider the number of children and the numbers of hours taken (funded and paid) to ensure an accurate occupancy figure is used to support planning.



Calculate the usual or typical occupancy/number of hours sold each week

| Now calculate usual or typical occupancy. This is the normal occupancy achieved across a week, term, or year. | | Example | |
|---|--|--------------------------------|--|
| C | Calculate the actual number of hours being used per year. (Number of children on roll x number of hours used each year). | 78,750 | |
| D | Calculate the normal occupancy percentage for the year. Divide C (actual number of hours) by B (maximum capacity) of the setting = normal % occupancy. | 78,750 ÷ 105,000. = 75%. | |

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We know, not all providers fill all places all year round and achieve 100% occupancy.

Most have occupancy levels that grow throughout the academic year (September to July).

In many cases, settings may be full by the end of the summer term. Others might reach between 70% and 85% as they choose to operate at lower capacity for many different reasons.

We need to be using usual, typical or average occupancy for financial forecasts, breakeven analysis, and fee structure decisions - so we have given the tools to work this out.

Setting budgets based on average occupancy, covering 100% expenditure, will mean every hour sold above the average occupancy level will be profit or surplus depending on whatever you choose to call it.

In addition, this section of the Business Map provides a number of tables to analyse current capacity and occupancy and to also consider occupancy forecasts for 2021.



Occupancy

- Current capacity and occupancy
- Forecasting occupancy for 2021

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Business Map provides a number of tables to analyse current capacity and occupancy and to also consider current occupancy forecasts for 2021.

As this will be what next years budget and forecast is based on.

- a) Area characteristics
 - Rural or urban
 - Levels of deprivation
 - Accessibility
 - Population
- b) Setting characteristics
 - Pricing
 - Physical environment and facilities
 - Nursery ethos and affiliations
 - Quality of provision

In the DfE Occupancy research report participants reported a number of factors which providers perceived affected demand for places in settings. These were broadly separated into area characteristics, and setting characteristics.

Being rural had its advantages and disadvantages. Tight-knit communities, less competition, returning families and word of mouth recommendations were all positives for rural providers. Providers in urban areas highlighted being close to local amenities, local to large residential areas or on transport routes were definite advantages. However, unlike their rural counterparts competition was reported to be higher, with much greater choice for parents in local areas.

Levels of deprivation brought different demand with some providers benefiting from the demand for longer hours generated from full-time working families and others in less affluent areas had higher demand for funded places but less need for additional hours above this. Having a mixed catchment of families was reported to positively influence demand and support sustainability.

Decreasing birth-rates, changing demographics, location, convenience to work, home and transport links were all influencing factors too.

Setting characteristics including, pricing, physical environment and facilities, nursery ethos and affiliations, quality of provision were all factors reported by providers in 2019 – 2020 as drivers for demand.

Think about your setting/ individual settings if you have more than one. What are the area characteristics and your setting characteristics and how do both affect demand? This will be useful later on in the process.

Parental preferences and behaviour changes

| | | |
|---|---|--|
| <p>Health & safety/PPE views about their children's health and safety and how children attending childcare affects their own households.</p> | <p>Employment changes Furlough, localised restrictions, redundancy, reduced or different hours, new jobs, new lower or higher income levels, change of location of work.</p> | <p>Ability to pay reduced or increased ability or desire to pay for childcare.</p> |
| <p>Anxiety feelings of apprehension and nervousness around COVID-19 security, wellbeing issues.</p> | <p>Single setting wanting to use only one setting to reduce H&S risk, or for more convenience, or to fit new needs.</p> | <p>Changes of eligibility families could fall in and out of eligibility for two-year-olds and 30 hours funding.</p> |
| <p>Vulnerability families and children becoming vulnerable where they were not before.</p> | <p>Household routines work and life changes, e.g. working from home, reduced commute times, new beginnings and ends to the day, parents working.</p> | <p>Change of mind switching from wanting a group setting or home-based setting and vice versa, or opting for informal or familial care.</p> |

Parental preferences have always changed and developed.

This is as a result of various changes to their employment (or not), and as new entitlements have been introduced such as the universal entitlement (15 hours), two-year-old funding, and 30 hours childcare.

COVID-19 has rapidly and dramatically changed parental preferences further.

The decisions parents and families are making about early education and childcare are very fluid, open to change and somewhat unpredictable.

So as well as area characteristics, and setting characteristics providers now have to consider parental preferences and behaviour changes.

Providers and local authorities across the country have reported to us there are many factors affecting parental preferences. This table summaries them.



Analysing demand

- Has demand for early years and childcare services changed?
- Has this changed parents' requests, preferences, needs and behaviours?
- Which are the biggest changes?
- What impact is this having on the business?
- What's easy to change and respond to?
- What feels difficult, if not impossible?

Occupancy and staff ratios at early years providers research report , DfE, October 2020

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The Business Map explores if changes in work patterns is changing demand for a setting.

We are all focused on thinking about how any such changes have reshaped parents' requests, preferences, needs and behaviours?

We take a reflective look at the biggest changes.

What impact is this having on childcare businesses? Business Map considers what is easy to change and respond to. And what feels difficult, if not impossible.

Taking time to really unpick what is happening in a user group and community will provide all the information which can be used later in the process to identify and mitigate risks. It will help challenge embedded thinking and break myths and misunderstandings. It could also be really useful in driving change where there may be blocks in the way.




'Finding out more'

- a) Complete a SWOT analysis.
- b) Complete a PEST analysis.
- c) Market analysis.
- d) Complete a breakeven cost analysis.
- e) Calculate the breakeven hourly rate.
- f) Compare to last year.
- g) Review fee structure.
- h) Complete/update the cashflow forecast.
- i) Develop a cashflow forecast for 2021–2022.
- j) Review reserves and contingency plans.
- k) Review COVID-19 Government funding opportunities.

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Now we've unpicked occupancy and demand we can use a number of other tools in the Business Map to understand where the business is now.

We will spend a little time reviewing this section of the Business Map.

business map 

| | |
|---------------------------|------------------------|
| S Strengths | W Weaknesses |
| O Opportunities | T Threats |

| | |
|-----------------------|---------------------------|
| P Political | E Economical |
| S Social | T Technological |

'Finding out more'

a) Complete a SWOT analysis.
b) Complete a PEST analysis.

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These next tools will help to 'find out more' about what is happening to a business 'internally' and what is happening 'externally'.

SWOT analysis and PEST analysis enable reflection on the internal elements of the business (things like staffing, management and your setting characteristics) and consider the wider environment in which a business operates (things like the economy, employment the area characteristics) and how they are affecting and could impact upon service delivery and demand for places.

A SWOT analysis is a useful and well-known tool to review businesses. It helps at any time and particularly when something changes, for example, the introduction of 30 hours childcare, housing developments and of course COVID-19. It will help work out the starting point before planning for change, recovery, or growth. There is a template in the Business Map. Involve the whole leadership and staff team in this activity. Staff will bring differing perspectives to the activity and will provide a much broader picture of the whole business. Opportunities and threats can be drawn from a PEST analysis (there is one of these coming up later) and other self-reflections so far. It is usually easier to control the internal factors (Strengths and Weaknesses) than the external factors (Opportunities and Threats).

- If a strength is your outdoor area, how will you promote this to overcome parental anxieties?

- If car parking is a weakness, what can be done to encourage families to walk, can arrangements be made with a local business to use their car park?
- If there is a planned housing development, will it mean more children living locally?
- If a high proportion of families are employed by one local employer, what would be the impact of them having a large redundancy or expansion programme?

There are many things that affect the delivery of childcare services. A PEST analysis is a really useful tool to help understand how external factors may impact on businesses. PEST stands for Political, Economic, Social and Technological. A PEST analysis is similar to the SWOT process – it is simple and quick. PEST is useful to help consider the environment in which the business operates that needs to be responded to, but cannot be controlled.

For example:

- COVID-19 may be changing parental preferences. The earlier work on demand will help populate the PEST analysis.
- The UK transition out of the EU and the new rules for businesses and citizens from 1 January 2021 may have implications for a setting.
- Technological advances, BACs, Social media and virtual platforms present opportunities and potential cost savings.

Using data to inform decisions

- Local authority childcare sufficiency assessments
- Population data and forecasts
- New housing developments
- Local employment
- Other provision

Local markets, population numbers, eligibility numbers, other providers, and services offered change all the time. Having an understanding of the local area gives a good indication of the general demand for and emerging changes in preferences. Think back to the reflection activity on area characteristics, and setting characteristics. Understanding the local childcare market will help in planning, especially if there is unmet demand, or opportunities to take advantage of.

There is a wealth of data to support you find out more about your local market and demand to inform the decision-making process.

A good starting point is your local authorities Childcare Sufficiency Assessment – this is an annual report that identifies if there are any gaps in the provision of childcare across the local area, but can contain a good deal more information that will help give you a good sense of the early years and childcare market (0-14 and up to 18 for children with SEND).

Often included in the CSA, but available through the Office for National Statistics and other sources, are population forecasts. In many areas the birth rate has decreased in recent years, and may be forecast to decrease further – it's important to have an understanding of that at a local level. The population of children aged 10 and over is increasing as a spike in the birth rate works its way through the population – this might signal increased demand for out of

school, provision. Your local authority may include an analysis of the population on their website, or in their CSA or in other reports – it's worth looking, and asking.

There are some ambitious plans to increase the number of new homes – this impacts more in some areas than in others, but all local authority areas have plans for new home developments. Knowing where large new home developments are will give you insight into where demand for childcare may increase, and over what time period. If there are plans for new schools in your locality this is a good indication demand is likely to increase. Local authority CSA's may provide a summary of new home developments, but there will also be a Local Plan that will lay out what's happening locally.

Think about any changes to employment – are some employers closing their doors or downsizing the workforce? Do you operate in an area that has a lot of shift work or weekend work? Are new employers setting up, and if so, what kind of employment will they offer?

It also pays to have a good understanding of who else is operating in your local area – how many providers, what type? Are there any gaps in the market? LAs will have a directory of providers that will help you to explore this, but you can also research on the internet or ask around. Its not just about gaps but opportunities to link up.



Understanding the local market

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

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Understanding services on offer and fees being charged in an area again, is vital information inform financial planning.

All childcare settings will have different costs to deliver and often charge different fees. For example, if one provider has a mortgage, and another local provider has a very low rent, premises costs will be very different.

Whatever is charged should be based on actual costs and expected profit, not on what everyone else in the area is charging. It might sound obvious to say, but such practice is reasonably common. Here are four quick questions to consider:

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



'Finding out more'

- a) Complete a breakeven cost analysis.
- b) Calculate the breakeven hourly rate.
- c) Compare to last year.
- d) Review fee structure.

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Management in early education and childcare requires a whole range of skills and expertise. Good quality business activities must sit alongside the high-quality education and childcare offered. Both are equally important. Whatever legal status a childcare provider has, profit making or not, it is essential costs are covered and reserves built-up to support sustainability.

The Business Map will take providers through some things to consider.

All early education and childcare businesses need to know the breakeven point and the breakeven hourly rate. Breakeven point is the point at which expenses and revenue match so there is enough income from hours sold (or funded) to cover all required expenditure. Understanding the hourly breakeven rate will ensure fees generate a surplus or profit for reinvestment in the business.

The illustration in the Business Map provides a step by step walk through the mathematics so everyone understands the formula. However, for those of you who would prefer to use pre-prepared calculators there are several links to PACEY and NDNA business tools which will do the job.

Once the cost analysis is complete and the breakeven hourly rate is identified it is possible to analyse:

- What has changed from last year

- How of annual increases in costs or lower occupancy figures affected the breakeven hourly rate?
- Is the fee structure still right?

- d) Complete/update the cashflow forecast.
- e) Develop a cashflow forecast for 2021–2022.
- f) Review reserves and contingency plans.
- g) Review COVID-19 Government funding opportunities.

A cash flow or financial forecast enables a business to plan activities for the year. It is used by businesses to forecast income and expenditure for the year and is included as part of a business plan. It shows an informed estimate of the income, costs and expenses and gives a 'forward look' at the business expectations for the coming year. It should be regularly reviewed to check it is on course, or to change it.

The Business Map explores if and how has the cash flow changed recently? There are two simple cash flow spreadsheets as part of the resources. One will assist providers reflect on what has happened since March 2020 and the second is a tool for anyone who hasn't prepared a 2021 – 2022 forecast.

Ideally, childcare businesses will try, over time, to build-up, and then maintain, reserves at a level sufficient to cover at least three months of average staff wages and routine operating expenses. 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, etc.

Whilst some COVID-19 Government funding schemes have been extended, some will end, and loans will need to be repaid in due course. There are new opportunities and extensions – have these been explored? Has this been factored into financial planning - when things will end or need to start being

paid again? COVID-19 support is available to employers and the self-employed, including sole traders and limited company directors. You may be eligible for loans, tax relief and cash grants, whether your business is open or closed. There is a link to the business support finder to see what support is available for you and your business.

a) Complete the 'risk register'.

| What is the risk | Impact on the business |
|--|---|
| Parents are paying for less additional services and hours. | We have lower occupancy. We need less staff/we are overstaffed. Income is smaller. Finances are not breaking even. |

It is good practice in business planning to maintain a 'risk register'. This records the minor and major risks faced by a business and the 'control measures' which will be taken in respect of each risk. The risk register is reviewed by the management/committee regularly as required.

Understanding things are changing and finding out more about the business position are the first two steps in assessing risks. The next step is analysing this information to identify and define the risks.

If a business identifies risks, threats, concerns or challenges, it is better placed to take steps to reduce or remove them. At this stage providers are asked to use all the information collated so far in the Business Map to identify risks and consider how they may impact on the business, for example:

What is the risk?

- Parents are paying for less additional services and hours.

What is the impact on the business

- We have lower occupancy.
- We need less staff/we are overstaffed.
- Income is smaller.
- Finances are not breaking even.



Consider ideas

- a) Establish if demand has changed.
- b) Review model of delivery to ensure it works for the setting and families.
- c) Review finances.
- d) Consider if cost savings and needed or possible.
- e) Develop contingency plans.
- f) Review reserves and be clear how long the business can continue without extra financial support.
- g) Find financial support for the business.
- h) Help parents to help themselves – what can help to reduce the cost of paying for childcare?
- i) Communicate.

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Having identified the current business situation and possible risks, the Business Map now focuses on possible actions and ideas. This section contains ideas, checklists, things to consider and links to further resources to support actions to reduce, mitigate and possibly remove the risks identified.



Ideas in action

Provider case studies

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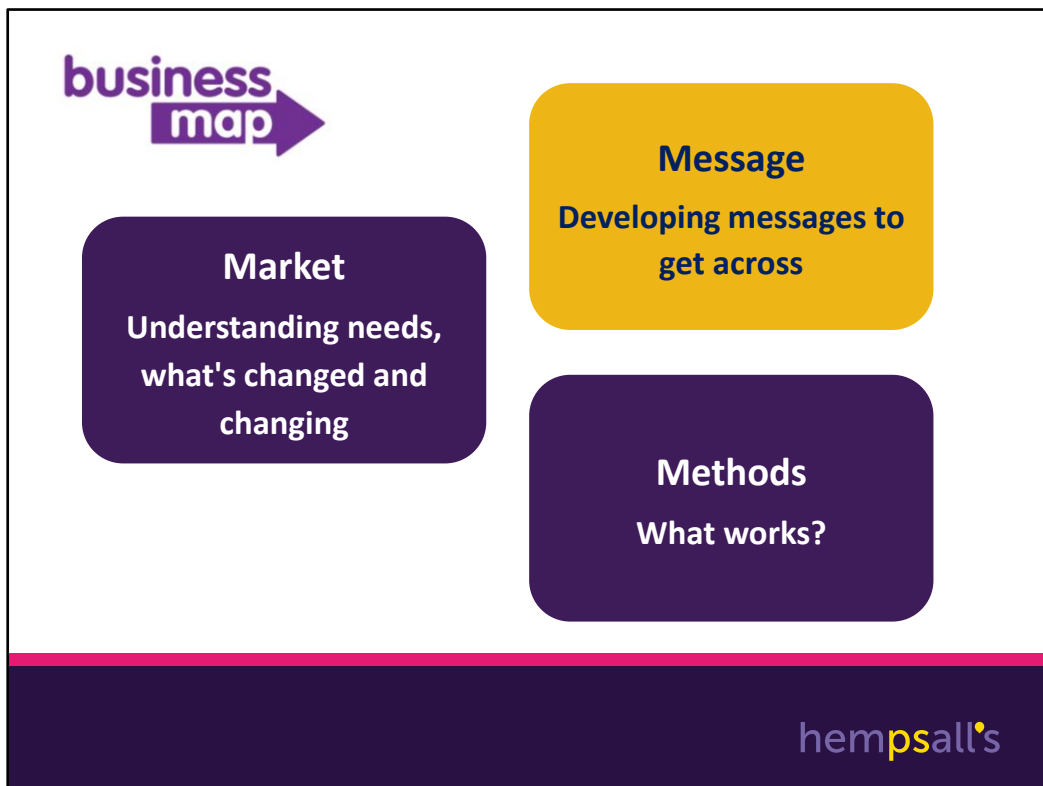
- Develop a marketing plan to maximise occupancy
- Support families to reduce the cost of childcare and buy more.
- Use social media as an effective marketing tool to develop positive messages to reach new audiences.

The communicate section considers three main areas:

- Marketing
- support to reduce the cost of childcare
- social media.

These are all things that, if done well, can increase occupancy, support families to be able to buy more hours or services, overcome parental anxiety and reach new families.

All things that potentially increase income and sustainability.



We need to think about how we can raise awareness of what we offer and the additional financial support available for parents

These are important elements of a marketing strategy.

A marketing plan, with a specific goal to maximise occupancy now, next and later, does not have to be complex.

There are three key stages:

- Understanding needs
- Developing messages
- Deciding on the marketing method

Understanding needs

We know that parental preferences are changing.

Parents and families are reviewing their needs for childcare, this may mean change for existing parents as well as new parents looking for childcare.

We need to consider:

- Is there unmet demand, are eligible families living locally?
- Is the marketing and publicity reaching families who could benefit from funded and paid for places?

- Has marketing and publicity changed to reflect post COVID-19 preferences and anxieties?

Developing messages to get across:

Many parents are anxious about using childcare.

To increase parental confidence in returning /using childcare settings, providers should communicate the measures you have put in place (and why) to keep children safe.

Open space, large outdoor area etc. What was important has changed.


Unique Selling Point (USP)

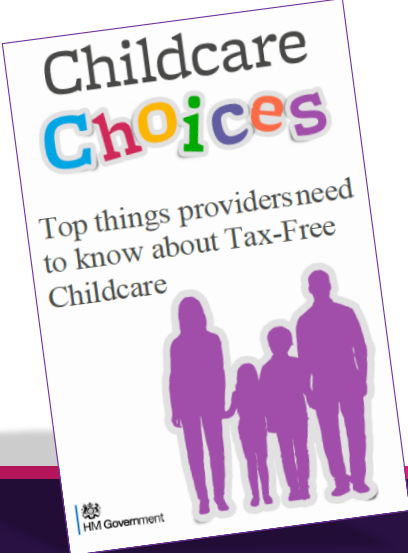
There's a key question you should ask yourself: "What is my USP?" That is, what is it you're offering that sets you apart from other childcare providers locally? This could be the provision of funded hours, a flexible service, special facilities and resources, or perhaps a bilingual programme.

As a general rule, if you've got it, flaunt it! Parents are overwhelmed by choice when it comes to childcare, so you need to highlight what it is that is special about your setting.

If you are already running a childcare business - either as a childminder or a nursery or pre-school, one of the best ways of identifying this is to ask your current parents what was it that attracted them to you in the first place. A powerful marketing message is to get testimonial quotes from them and use them in your literature or website. You will be surprised and pleased by the things they value that you may not have considered important.

What methods work?

business
map 



Childcare Choices
Top things providers need to know about Tax-Free Childcare
HM Government

Reducing the cost of paid for childcare

- Tax Free Childcare
- Childcare/employer voucher schemes
- Universal credit or childcare element of Working Tax Credit
- Care to Learn
- Grants to support higher education

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

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Now more than ever, parents will be looking to reduce their childcare costs.

There are a range of financial support opportunities for parents to access, based on individual parental situations:

Tax free childcare, for working parents, including self-employed:

- Earning **under £100k** and **at least £139** per week (equal to 16 hours at the National Minimum or Living Wage) each
- Who **aren't** receiving Tax Credits, Universal Credit or childcare vouchers
- With children aged 0-11 (or 0-16 if disabled)
- For every £8 you pay into an online account, the government will add an extra £2, **up to £2,000 per child per year**

Tax free childcare bill of £830 – parent pays £664 and govern pays £166

Childcare/employer vouchers

The Childcare Voucher scheme allows working parents the opportunity to swap part of their pre-tax salary to pay for registered childcare. As a result, they make savings on their Tax and National Insurance – up to £933 per parent, per year.

Each eligible parent can pay a maximum of £243 per month from their salary into their Childcare Voucher account and use this to pay for registered childcare. They do not pay Tax or National Insurance on this amount, resulting in significant savings.

Closed to new entrants in October 2018

To remain eligible parents must stay with the same employer, make at least one payment into their account every 52 weeks, not leave the Childcare Voucher scheme to opt for Tax-Free Childcare.

Universal Credit

- must be working, or you're due to start work, and are claiming Universal Credit.
Up to 85% for children under 17, 1 child £646.35 2 or more children £1108
- This cannot be used if the parent is already claiming Tax Credits or Tax Free Childcare

Universal credit - upfront costs shouldn't be a barrier for families on UC

Budgeting loan

Can be applied for by the parent to obtain or retain childcare; in particular upfront childcare costs

Can be applied for at any time during their claim to Universal Credit

The 6 month rule of being in receipt of an eligible benefit can be waived for childcare costs

Can be applied for in addition to the Flexible Support Fund

This loan has to be repaid.

Flexible support Fund

Can be applied for by the parent for help in paying childcare costs

Tax Credits

- For working families, **in the UK**
- With **children under 16 (or under 17 if disabled)**
- 70% of childcare costs, up to a cap

Support while studying

- Weekly payments from Care to Learn if studying at school or sixth-form college
- Help through the college if in further education
- A weekly grant if in full-time higher education

business map 

Marketing – Using social media

- Choose your platform
- Don't overstretch
- Who is going to own it/do it?
- Branding
- Plan for daily activity
- Automated scheduling





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Methods

The world has changed... it means you need to re-set how you're promoting yourself (on social media and elsewhere)

Choosing your platform

FB - getting older! But still number one - a huge number of people who have young children – your customers. FB is mainly about people as individuals, about family and friends. It's a good place to have conversations. People who use it use it a lot – 45%.

Instagram – growing fast. Originally driven by younger generation via celebrities and influencers, now becoming mainstream. Big proportion of under 35s. Image driven. Without those, you'll struggle. Very much for emotional connections. Pictures and video of the children you look after work well – but you need permission and consent and to comply with safeguarding requirements.

Social media are the new “word of mouth” – testimonials more important than ever.

Use the technology - virtual tours, Zoom visits. People are more familiar with it now. Don't forget YouTube. Did you know it is the second most used search engine in the world after google? 2 BILLION users worldwide, 35m in UK. If you're producing promotional video, make sure it's on YouTube.

Supporting take-up of paid-for childcare – people may need it for the first time

Top tips

- Don't overstretch – don't try and be on everything. What can you manage?
- Who's going to run your social media? It needs to be someone who'll be given the time to keep it active.
- Makes sure when you set up your account, your logo is on there, a suitable explanation of who you are and an engaging banner picture.
- You have to go into this planning to be active every day.
- It may sound a lot, but there are tools to help you. Facebook enables you to schedule in posts in advance or there are free automated platforms like Hootsuite and Tweetdeck. All easy to use (we can train you if you want!). It is quite possible to plan and schedule a month of social media material in one day.



Consider what matters to parents now

Childcare
Choices



www.childcarechoices.gov.uk/providers/communications-toolkit/england/

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The childcare choices website has a range of free to use assets to support you in your messaging to parents.



Actions to reduce/remove risks

- a) Return to the risks and think about the actions to take to reduce or remove them
- b) Complete the risk register and develop an action plan

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Having completed a comprehensive review, identified the risks and thought through what actions might be possible it is time to return to the risk register and think about the actions to take to reduce or remove them.



Actions to reduce/remove risks

Complete the risk register and develop an action plan

| What is the risk? | Impact on the business | Planned action to mitigate, reduce or remove risk |
|--|---|--|
| Parents are paying for less additional services and hours. | We have lower occupancy. We need less staff/we are overstaffed. Income is smaller. Finances are not breaking even. | <ol style="list-style-type: none">1. Market research to establish preference changes since COVID-19.2. Look at alternative models of delivery.3. Consider offering places for funded two-year-olds4. Develop a marketing plan to reach families and fill vacancies. |

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Having completed a comprehensive review, identified the risks and thought through what actions might be possible it is time to return to the risk register.

- Market research to establish what parents actually want as preferences have changed
- Look at alternative models of delivery – if required, deliverable and affordable.
- Diversify or offer new services - consider offering places for funded two-year-olds
- Make sure there is a marketing plan to reach families in this socially distanced world at the moment so vacancies and income increases.

Once the risk register is finished. The next thing is to create an action plan using the planned actions identified to reduce or remove risks. This action plan will:

- Lay out a framework that helps make decisions about the future.
- Describes how to ensure the business is successful in the future.
- Looks at goals and lays out a plan for reaching them.



Measure progress and review

- a) Keep updating the cashflow, it will show how new arrangements are affecting the business.
- b) Monitoring a range of things will help to understand if things are working. Set the targets and build them into monthly monitoring discussions.

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Having things in place which measure progress regularly can ensure businesses know they are doing things right and things are going in the right direction. Not all information is critical to business success. To support business planning keep it simple.

Look at what information is available, what will be useful to support planning. Collect and analyse information which will provide the overview needed to measure how things are going. Present and review this regularly. Ensuring the requirement of constitutions or other governing documents are met. Respond and take action, if and when things are not going to plan.

1. Keep updating the cash flow, it will show how new arrangements are affecting the business.
2. Monitoring a range of things will help to understand if things are working. This table contains some examples of key measurements which are useful to assist regular monitoring. Set the targets and build them into monthly monitoring discussions.



Measure progress and review

| Measurement | Question | Target |
|-----------------|--|--|
| Conversion rate | How many enquiries have been converted into booked places? | % of enquires converted to bookings. |
| Occupancy | How many places have been filled as a proportion of those available? | % of places filled (per session/week/term) This can include more detail by age of children and in comparison, to previous years. |
| Paid for income | How much money is coming in from fees? | Target income (per month/term/year). |
| Funded income | How much money is coming in from funded places? | Target income (per month/term/year). |
| Staff costs | How much money is paid out on staff employment? | Staff costs as a % of income (ideally this should not exceed 70-75% of income). |
| Surplus/Loss | What is the difference between money coming in and money going out? | Surplus target as % of turnover/income. |
| Bad debts | How much money is owed in late fees? | Unpaid fees as a % of income. |
| Staff turnover | How many staff have left the setting in the last year? | % of staff leaving over a year. |



**Questions and answers.
Summary and close.
Evaluation and resources.**

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