

The Business of Quality

Childcare providers choose to develop and manage a childcare setting for a variety of reasons, but most have a picture of what they want to achieve in terms of quality within that setting. However, what sometimes gets lost is recognising that the first step to realising the vision is to create a successful childcare business.

Many key factors impact on the delivery and development of childcare:

- a safe and stimulating environment
- the need to understand the demand in the area
- ongoing affordable and assured use of registered premises
- a sufficient pool of reliable, quality staff who are appropriately trained
- ongoing provision of attractive and high quality activities
- established community links
- a good reputation for providing safe, affordable, accessible quality childcare which recognises and caters for the needs of local families.

To achieve all of these you need management capacity and sufficient income through fees and other funds to develop, grow and sustain the business. Very rarely does a setting close due to poor quality or an inadequate Ofsted but due to poor business practice, and this can be preventable. Some of the main reasons for closure include staff recruitment and retention problems, management or committee issues, low occupancy, access problems, incorrect fee structure, problems with premises, local competition from other providers and registration problems.

Building a strong business needs a detailed business plan to act as its guide and satellite navigation device. It should focus on the starting point, the current location and the overall destination. Factors to consider are the levels of take up, staffing ratios, fee structures and income generation, cycles in demand and changes in operational standards. A business plan should also carry through it an ethos or focus on what you do well, define target customers and obviously ensure that all necessary requirements are met, such as those of the Early Years Foundation Stage.

A cash flow forecast is an essential tool, helping predict difficult trading periods where cash may come under pressure from irregular trading, like a pre-school which is closed during the holidays, thus generating no income but still with commitments to pay staff wages.

A cash flow forecast helps manage income generation, to ensure it matches expenditure. Breakeven is the starting point, profit is the aim. The decision about how to apportion excess funds or profits also becomes essential to the growth and long-term sustainability of the setting and will be a focus of the business plan. It is also important to hold in reserve a contingency to cover at least two months' trade to allow for seasonal variations or unexpected rises in rent or maintenance charges. There is also a legal obligation to ensure that as an employer you are able to meet statutory redundancy costs, if required.

The benefits of a sustainable childcare provision for children are many and include:

- creative play and learning opportunities in a safe environment with trained and registered staff
- improved social skills and a wider cross-age group of friends
- increased self-esteem and improved outcomes

The benefits of a sustainable childcare provision for staff are many and include:

- enhanced training and development empowering the staff team and enhancing quality and care
- higher recruitment and retention levels
- improved skills and confidence, supporting best practice

For children to have the best start in life they need the best possible quality childcare and early education. For that to happen we need strong, sustainable childcare businesses. The needs of the business are linked to the quality of the provision, and without proper investment the quality will be impaired and with poor quality then the business can become unsustainable.

Take care of the business and you will help take care of the quality.

**For more information on the business support offered by Early Years and Childcare
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