

New Business Pack
For
Prospective
Early Years
Providers

October 2018/19



Haverling
LONDON BOROUGH

Background and Introduction

This pack has been produced by London of Borough of Havering Early Years Teams. It is an aid for prospective early years providers wishing to set up childcare provision in the Borough.

The pack covers details of areas you will need to consider in setting up your childcare business

Local Authority Guidance for setting up an Early Years provision

The Local Authority is committed to ensuring high quality early years provision is available to our youngest children. As such, the LA has a new business process which is designed to support both new and existing providers to establish their setting ready to deliver funded childcare places as soon as possible.

The Early Years Planning and Organisation support new and prospective providers with the following functions:

- Preparing and publishing the Childcare Sufficiency Report available at www.havering.gov.uk/csr
- Information about premises and planning
- Sign posting to available start-up costs
- Business planning and financial planning guidance
- Application and registration process with Ofsted
- Confirmation of Ofsted registration status once confirmed as 'active'.
- Havering Welcome Pack sent with Havering Early Education and Childcare Directory and Funding Agreement,
- Quality Assurance Officers visit

General Guidance

The following guidance is designed to assist enquirers thinking of setting up an early years provision for children aged from birth to 5 years. Early Years provision is regulated by OFSTED who are the Office for Standards in Education, Children's Services and Skills and all registered providers must meet the Learning and Development Requirements and comply with the Welfare Regulations of the Statutory Framework Early Years Foundation Stage (EYFS).

For all early years providers registered by Ofsted on the Early Years Register the EYFS is mandatory. You will need to thoroughly familiarise yourself with the Statutory Framework Early Years Foundation Stage before submitting an application for registration as an Early Years Provider.

If you are thinking of registering as a childminder you need to attend a Childminder Briefing Session which outlines the process. For further information please visit www.havering.gov.uk/ptr The rest of the guidance in this booklet relates to setting up a group day care provision on non-domestic premises.

In planning what type of provision you intend to operate you will find it helpful to consider the following points:

1. Your own area of interest and expertise

If you intend to run the business yourself as “the person in charge” you will need to be suitably qualified and experienced. Alternatively you may decide to employ a manager or find a business partner with these skills. Providers sometimes form a board of directors or a management committee whose members can specifically address key aspects of the business. Whichever route you take you need to develop an understanding of the early years from the perspective of all those involved – parents, employees, managers, inspectors, and most of all children themselves. Consider speaking to or visiting existing early years providers, read professional journals such as ‘Nursery World’ and follow up sources of further information and training detailed in this pack and in the EYFS.

A clear vision of what you hope to achieve is an important part of establishing a successful business.

2. Demand

In order to determine whether there is a demand for the early years service you intend to offer you will need to carry out some market research. This should be specific rather than general and cover all aspects of your proposed operation – ages of children, hours of opening, fees, programme of activities, location within the borough etc. This will help to indicate the size and type of the premises you will be looking for in the borough. You can find out about existing childcare provision in London Borough of Havering by visiting the Family Services Directory on www.havering.gov.uk/earlyyears

If you are interested in becoming an early years provider in the London Borough of Havering you may find the childcare sufficiency report useful. The report shows which areas in the borough could benefit from additional childcare providers. It gives a breakdown of 2, 3 and 4 year olds capacity and projections by ward level and outline where the need is required for childminders and how you can access funding. You can access the report via www.havering.gov.uk/csr

3. Premises

Have a realistic approach to property availability and prices in the Borough – it may take you some time to find affordable, suitable premises in the location you have identified. Ideally you will want to find a premise that has a suitable outdoor play area. The EYFS states that ‘all early years providers must have access to an outdoor play area which can benefit the children. If a setting does not have direct access to an outdoor play area then they must make arrangements for daily opportunities for outdoor play in an appropriate nearby location.’

4. Commitment

You need to consider at the outset the amount of time and effort you are able to commit. The more ambitious your project the greater the commitment required, but any project will require sustained effort and enthusiasm if it is to become successfully established. Children and parents need to be able to rely on their early years service and you will be expected to demonstrate your ability to provide continuity of care for them.

5. Quality in the Early Years

To be able to provide a quality early years service you will need to have considered what this means to you and how this will look in practice for your setting. You will need to ensure that you have robust recruitment procedures in place so that the staff you employ are able to demonstrate a good understanding of child development and the ability to deliver the early years foundation stage. The early years environment that you create should be welcoming, inclusive, safe and secure, support children's learning and provide challenge both indoors and outdoors.

6. Safeguarding

You are responsible for the recruitment of staff you employ; clear robust process must be in place.

7. Finance

It is important to be realistic about the cost implications of caring for different age groups. Babies and toddlers require more space, more facilities and a much higher staff ratio than older children. Some of the costs you need to consider are:

- Purchase and lease of premises
- Cost of legal fees, architects fees etc
- Conversion of premises and possible building alterations to comply with the requirements of registration
- Equipping premises
- Registration costs
- Marketing costs
- Running costs

Remember you will need to account for a lower income when you first start and this may mean running at a loss or only breaking even until your service is established. You also need to be aware that you will have to commit yourself to some set up costs before OFSTED can make a decision as to whether or not to register your provision.

Once you have considered all the points above, found a suitable premises and identified the person who will be in charge of the day to day running of the provision you should draw up a business plan. This will usually cover the following areas:

- A summary of your project
- Market research
- Premises and equipment
- Projected income, profit and loss
- Capital and revenue costs
- Your experience
- Proposals for management and staffing

8. Setting up a business

What you need to do to set up depends on your type of business, where you work and whether you take people on to help.

Register your business

Most businesses register as a sole trader, limited company or partnership.

Sole traders

It's simpler to set up as a sole trader, but you're personally responsible for your business's debts. You also have some accounting responsibilities.

Find out more about [being a sole trader and how to register](#).

Limited companies

If you form a limited company, its finances are separate from your personal finances, but there are more [reporting and management responsibilities](#).

Some people get help from a professional, for example an accountant, but you can [set up a company](#) yourself.

Partnerships

A partnership is the simplest way for 2 or more people to run a business together.

You share responsibility for your business's debts. You also have accounting responsibilities. Find out more about [being in a partnership and how to register](#).

For further information visit <https://www.gov.uk/set-up-business>

9. Property Guidance

The aim of this guide is to support you in finding a suitable property and to make you aware of the factors you need to take into consideration in your search for an appropriate property. Please use this guide in conjunction with the Early Years Foundation Stage (EYFS) and the Ofsted Guide to registration on the Early Years Register: childcare provider on domestic or non-domestic premises. If you are a registered childminder you will be operating from your own home.

This guide covers the following:

Finding a Property

- a. Factors to consider
- b. Where to look

Finding a Suitable Property

Have a realistic approach to the availability of property and prices in the London Borough of Havering – it may take you some time to find affordable, suitable premises in the location you have identified.

Once you have decided to proceed in setting up an early years business locating an appropriate and suitable property is critical. Some factors that you will have to consider are the following:

Planning Consent

Applying for planning permission is a time consuming process that can be costly. Premises that are already being used, or have been used, for childcare or community services (such as church halls or community buildings) are unlikely to require planning permission and are therefore to be preferred.

Finding a Suitable Property: Where to look

There are various routes to pursue when considering suitable early years premises:

- Local authority properties.
- Privately owned properties through various estate agencies.
- Shared use of community premises such as church halls. NB: these premises are unlikely to be suitable for the provision of full day care for 0-2 year olds

Local Authority Premises

Your first point of call for all the properties owned by the Council is the internet site. https://www.havering.gov.uk/info/20079/commercial_property

Community Buildings

Investigation of community buildings in the area where you are looking may reveal space that is underutilised. Making local contacts may also help you to secure premises through word of mouth.

When prospective providers are looking to set up childcare in the borough and require support on finding premises a search is accessible <http://www.investinhavering.co.uk/land-property/search/> via for land or property.

Privately Owned Properties:

Privately owned properties can be accessed through a number of private estate agencies in the London Borough of Havering, some of whom will specialise in the type of property you are interested in. It is a good idea to visit all such estate agents situated in your target area. Especially ask for information on redundant places of worship or disused buildings that have adequate internal space and parking facilities.

Other points to consider when looking premises:

Use Class – D1 Non Residential Institutions (Day Nursery falls under this category)

If a prospective tenant finds the ideal premises, the premises would need to have the correct Use Class, in this instance a nursery Use Class would be D1. If the premises were still ideal and did not have the correct Use then they would need to apply for a change of use.

Service charges

If the premises were shared with another, then the service charge costs would need to be taken in to consideration and these costs to be included in the business plan.

Insurance

On a number of cases the tenant has occupied premises and the landlords insure and recharge the tenant. In some cases the insurance cover

Health and Safety/Fire Regulations/Risk Assessments/Repairs and Maintenance

Health and Safety, water assessments and all other statutory requirements under the health and safety act for premises, all these costs will need to be taken into consideration. If the premises are a stand-alone building, these costs would need to be considered separately. If the premises are shared then some of the costs may fall under the service charges. So this is important for the ingoing tenant to understand what these costs are. As an early years provider you will need to ensure that your premises are safe and hygienic. Further information is contained in the Statutory Framework for the EYFS

10. Free Early education and childcare places for two, three and four year olds

Providers who are registered with the Local Authority, in addition to meeting the prescribed conditions of Ofsted, can deliver government funded early education and childcare places to eligible two three and four year olds; the offers must be free at the point of delivery for parents and carers, hence often interchangeable names of the offers being 'Free' early education and childcare and 'Funded' early education and childcare.

Early education and childcare in Havering is delivered through a mixed market of provider types including, Childminders, Day Nurseries, Preschools, Independent Schools, Maintained Schools, Academy Schools and Free Schools.

The following statutory frameworks and legislation underpin early education and childcare delivery:

- Early Education and Childcare, Statutory Guidance for Local Authorities 2017
- Childcare Act 2006
- Childcare Act 2016
- Equality Act 2010
- School Admissions Code 2014
- Statutory framework for the early years foundation stage 2014
- Local Authority, (Duty to Secure Early Years Provision Free of Charge) Regulations 2014
- The Childcare (Early Years Provision Free of Charge) (Extended Entitlement) Regulations 2016
- Special Educational Needs and Disability Code of Practice: 0 to 25 years 2015

- Data Protection Act 1998

All Providers must sign the Havering Early Education and Childcare Directory and Funding Agreement, known as the “Agreement” in order to be registered to access and deliver early education and childcare funding.

Providers are required to offer parents flexible early education and childcare during the funded hours subject to the following standards to enable children to access regular, high quality provision:

- No session to be longer than 10 hours
- No minimum session length (subject to the requirements of registration on the Ofsted Early Years Register)
- Not before 6am or after 8pm
- A maximum of two sites in a single day

Deposits and notice periods

Providers may request a deposit for early education and childcare places. Where a parent is only accessing a funded place, the provider may charge a holding deposit which must be returned within four weeks of the child accessing their funded childcare place. Providers may use a notice period for funded places, but this must not exceed four weeks from the date of receipt of written notice.

Additional charges

Providers may charge for additional services such as trips, additional activities such as yoga, French and nappies. Parents do not have to pay for a provider’s meal, but must have the option to bring in a pre-agreed packed lunch for their child if staying for the lunch time period.

Parents who attend a provider with a morning and afternoon session, where lunch does not form part of the free entitlement offer may charge for this lunch time period or ask the parent to take the child home for lunch and then return them to the provision for the afternoon session.

Funding start dates

Two and three year olds become eligible for early years funding from the term after the second and third birthday. All four year olds, not in school reception class, are eligible for early years funding.

Child born between	Will become eligible for a funded place from
01 April to 31 August	The start of term or 01 September (Autumn term)
01 September to 31 August	The start of term or 01 January (Spring term)
01 January to 31 March	The start of term or 01 April (Summer term)

Census and confirmation of funding

Providers will twice in each term need to provide child level data during a census (a count of eligible children and funded hours) to confirm their claim for funding from the Local Authority.

Providers will be required to submit census data electronically via the Child View Provider Portal and via secured Egress email as required and confirmed in the Provider Guide which will accompany, and must be read in conjunction with, the Directory and Funding Agreement.

Education Finance will request a draft budget calculator to ensure an indicative budget can be established and paid on a Monthly basis. Non-receipt of child level data during the census points will result in monthly payments being suspended until the information is received.

Early education and childcare funding for 2018/19

Base rate funding 2018/19

Funded age of the child	Provider Type	Funded Rate
Two year olds	All providers	£5.35 per hour
Three and four year olds (universal 15 hour and extended 30 hour rates)	All providers	£4.53 per hour

Additional funding claims are available for families on low incomes, children with Special Educational Needs and Disabilities and for children resident in Deprivation areas.

Additional funding rates for 2017/18 (to be confirmed by 31/03/2018)

Funded age of the child	Provider Type	Funded Rate
Three and four year olds -Deprivation - IDACI Band F	All providers	£0.23 per hour
Three and four year olds -Deprivation - IDACI Band E	All providers	£0.27 per hour
Three and four year olds -Deprivation - IDACI Band D	All providers	£0.41 per hour
Three and four year olds -Deprivation - IDACI Band C	All providers	£0.44 per hour
Three and four year olds -Deprivation - IDACI Band B	All providers	£0.48 per hour
Three and four year olds -Deprivation - IDACI Band A	All providers	£0.65 per hour
Three and four year olds - Early Years Pupil Premium	All providers	£0.53 per hour
Three and four year olds - Inclusion Fund Support	All providers	£2.75 per hour
Three and four year olds - Inclusion Fund (Complex needs element)	All providers	£2.61 per hour
Three and four year olds Disability Access Fund (children in receipt of Disability Living Allowance)	All providers	£615 annual lump sum payment

Forms and documentation

All forms and documentation related to early education and childcare delivery will be published to the Havering Education Services portal, www.HES.org.uk, which can be accessed by your provision once a signed Directory and Funding Agreements been received by the Local Authority.

11. Size, Space and Location

- The number and ages of children you wish to be registered for: The EYFS Welfare Requirements states the required individual space per child is:

▪ Under 2 Years	3.5 Sq. Metres per child
▪ 2 Years	2.5 Sq. Meters per child
▪ 3-7 Years	2.3 Sq. Meters per child

(Please see [Early Years Foundation Stage](#) for more details)

- Ideal group sizes taking into account the required adult/child ratios for the different age groups and EYFS Welfare requirements for the maximum numbers of children in a group.
- The facilities you will require for your chosen age group – e.g. a milk kitchen and a sleeping area for children under 2s.
- Direct access to an outdoor play area or an appropriate nearby location that would enable you to provide daily opportunities for outdoor play for all children
- The location of your premises with reference to the availability of car parking and public transport links.
- The closeness and proximity of residential properties with parents who are potential customers.
- The closeness and proximity of any major companies who may have employees who are potential customers.
- Does your proposed premises have a strong marketing feature: e.g. well-designed outdoor play area.

12. Business Support

The National Day Nurseries Association supported by the Department for Education have produced a free online toolkit to help Early Years businesses. The Early Years Business Zone is an initiative that provides free online resources that has been tailored to the needs of early years businesses:

- **Business appraisal tool** - A series of in-depth questions that analyse your business's strengths and weaknesses and makes recommendations.
- **Staff Cost Calculator** - This determines the most effective methods of using staff based on staff and occupancy levels. Achieve optimum capacity, value for money and stretched offers for working parents.
- **Financial Management** - To help businesses control costs, review business modelling and help determine where future savings can be made.

Early Years Providers will need to register to access the information: [Visit the Early Years Business Zone](#)

How to run a sustainable business for early years providers

The Department for Education (DfE) has produced some publications to support early years providers to run sustainable businesses. They have spoken to a range of providers about the challenges their businesses have faced and the ideas and schemes they have put in place to be sustainable. For more information visit [Gov.UK](#)

Here are some further useful sources of information

- **Understand the local market** - marketing is about being aware of what you want your business to achieve, how you want it to be viewed by others and how you communicate your message. [Read how to carry out marketing](#), some techniques for [how to promote your business](#) and [ideas on how to respond to changing needs](#)
- **Understand and manage your occupancy rate** - this means recording and tracking expected and actual occupancy to identify variations across the weeks, months and year. Read providers' experiences in: [successfully managing occupancy](#)
- **Understand your costs** - If you look at your business' performance in terms of budget and cashflow, and track actual income and expenditure against monthly projections, you are more likely to be able to invest in your business to improve its quality and provide more childcare. Read more about [managing monthly finances](#).
- **Be clear about your charging policy** - being transparent allows you to build trust with parents. If you maintain a clear, fair and consistent policy on what you charge parents for – for example, for late pick-ups or late payments.
- **Be aware of the funding you can access** - this could include the early years pupil premium (EYP), disability access fund (DAF), special educational needs (SEN) inclusion fund. Having this knowledge will enable you to be more confident in providing quality for all children without affecting the sustainability
- of your business. Read guidance on [extra sources of income](#) and [Funding Sources for EY businesses \[PDF379KB\]](#)
- **Be aware of the funding that parents can access to pay for childcare** - this could include [tax-free childcare](#), childcare elements of [tax credits](#), childcare elements of [Universal Credit](#), employer support, such as [childcare vouchers](#)
- **Get help and support for your business** <https://www.gov.uk/business-support-helpline> Your business can get advice and financial help from government-backed schemes
- **Enterprise Nation** is delivering a programme of concentrated business start-up support to Havering entrepreneurs with support from Havering Borough Council and the Mayor of London. To be eligible, you must be resident in the London Borough of Havering, have been trading for less than 12 months and have fewer than 10 employees. For further information on how to get involved in the programme please visit <https://www.enterprisenation.com/havering>

13. Environmental Health

Businesses which provide food are required by law to register with their local authority 28 days before trading. You should seek food safety advice before committing to a premise and certainly before opening. Please email environmental.health@havering.gov.uk

14. OFSTED

You must register with Ofsted or a childminder agency if you want to be paid to look after children under 8 for more than 2 hours a day in England.

You don't need to do anything if [you're exempt](#) from registering.

You must apply to:

- the Early Years Register to only look after children aged 5 and under
- the Childcare Register to only look after children aged 5 to 7
- both registers to look after children of any age under 8

The Early Years Register is for children from birth up to the 31 August after their fifth birthday. You must be on the Childcare Register to look after children after that, up to their eighth birthday.

You can get an unlimited fine, be sent to prison, or both if you provide childminding or daycare services without being registered.

You can register as an individual or as an [organisation](#)

You may need to register as more than one type of provider. For example, you must register as both a childminder and a childcarer on domestic premises if you work with 3 or more other childminders or assistants on some days.

Type of childcare you want to provide	What you register as
Taking care of children in a home that's not their own (usually your own) with up to 2 other people	Childminder
Caring for children of up to 2 families at the same time in their homes, for example a nanny or an au pair	Home childcarer (voluntary part of the Childcare Register only)
Caring full time for children in someone's home with at least 3 other people	Childcare on domestic premises
Taking care of children outside of someone's home (such as on school premises or at a nursery)	Childcare on non-domestic premises

If you're a childminder or provide childcare on domestic premises, you can [apply to work on non-domestic premises](#) for up to half of your time.

Joining the voluntary part of the Childcare Register

You can apply to join the voluntary part of the Childcare Register if you want to do [childcare for which registration isn't compulsory](#), for example look after children aged 8 and above.

If you join the register voluntarily you'll get a certificate. The parents of the children you care for may also be able to get other types of support, like [help with childcare costs](#).

You'll need to [pay the registration fee and annual fee](#), and you can be [inspected](#).

Once your registration status is active, Early Years Planning and Organisation team send out a welcome pack.

15. Type of provider

The following provider types may be referred to as Private, Voluntary and Independent or PVI:

- Childminders
- Day Nurseries
- Independent Schools
- Preschool / Playgroups

The following provider types may be referred to as Schools

- Maintained Schools
- Academy Schools
- Free Schools

16. Childcare Sufficiency Report

The Childcare Act 2006 gives local authorities a key role in shaping the childcare market in their area. Working with providers from the private, voluntary, independent and maintained sectors, the local authority will look to create a strong, sustainable and diverse childcare market that meets the needs of parents. It focuses in particular on sufficient, sustainable and flexible childcare that is responsive to parents' needs.

The full report can be accessed here: www.havering.gov.uk/csr

17. Early Years Clusters

The Early Years Provider Reference Group (EYPRG) is a sub group of the Schools Funding Forum. The group is made up of Local Authority colleagues and representatives from Schools, Preschools, Day Nurseries, Out of School Care

providers and a Childminder representative. Early Years Clusters take place every term to discuss local and national policies; Representatives from the Early Years Provider Reference Group facilitate these meetings. Attending these meeting will be beneficial as you will have an opportunity to network with colleagues from the early years sector. Once your registration is active with Ofsted, the Local Authority will send out a Welcome Pack and advice you of what Cluster group you are in.

18. Early Years Teams

The following team will support you once your provision is registered with Ofsted:

- Children with Disabilities (CAD)
- Early Years Admissions and Family Information Service (FIS)
- Early Years Planning and Organisation
- Education Finance
- Quality Assurance

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