



The business support needs of London's early years sector and how they can be met

Report on research carried out by the Early Years Alliance and
CEEDA on behalf of the Greater London Authority

30th November 2020

SUPPORTED BY
MAYOR OF LONDON

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EXECUTIVE SUMMARY

This research, commissioned by the Greater London Authority, investigated the current financial position of London's early years providers, their business support needs as they move through the COVID-19 pandemic and considered ways in which they could be met in the post COVID-19 pandemic era.

64% of non-domestic providers (nurseries, pre-schools, maintained nursery schools) and 56% of childminders indicated that for financial reasons they were at immediate risk of closure or concerned they will not be operating in 12 months' time.

The research found that most providers were pleased with the support they have received in the past and would like to access more through a range of delivery methods.

42% of providers had accessed some business support in the last three years and of these 70% rated the support as either excellent or good.

Several barriers to access exist including a lack of clarity on the part of providers of what specific support they require, how they then find that support, cost and pressures on time.

The research found the landscape of early years business support is changing. Local authority input is declining as budgets reduce and provision from private companies and sector organisations is increasingly web-based and generic rather than bespoke.

Drawing from the evidence generated the researchers recommend that a new framework of business support to early years providers in London is established to bring clarity, accessibility and coordination to the sector. The framework should have two initial elements focused on the immediate needs of the sector as it recovers from the pandemic:

- A web based One Stop Shop linking demand with supply of early years business support
- A pan-London programme of intervention supporting early years providers' financial forecasting, budgeting, deployment of staff, marketing and promotion should be delivered in the 2021-22 year.

The One Stop Shop should offer a single point of access for advice, guidance and support for nurseries, pre-schools and childminders. It will help identify particular support needs and link directly to organisations who can meet these needs.

The one-year intervention programme should support as many viable providers as possible to survive the immediate economic challenges of the pandemic recovery period. It should be a collaboration, drawing on the skills and resources of local authorities, training providers, sector support organisations and early years providers themselves. Financial support to subsidise the cost of the intervention programme should be sought from national government, businesses and philanthropists who all have a stake in ensuring London's early childhood education and care sector remains viable.

Sustained parental/carer demand for early childhood education and care is essential if a viable sector is to be maintained and thrive in London. Therefore, the project recommends the Mayor and local authorities collaborate to provide consistent and coordinated promotional messages across the capital to stimulate demand.

1. INTRODUCTION

The Greater London Authority (GLA) issued a tender in August 2020 to research the specific business support needs of London's early years sector and how they can be met.

The objectives for the research were:

- to better understand the specific business support needs of London's early years sector during the Covid-19 pandemic recovery period
- to better understand the business support already being provided to the sector and identify any gaps within it
- to develop clear, scalable and evidence-based recommendations for the sector, outlining the type of business support which could be offered by relevant stakeholders

The project recognised the various roles played by stakeholders involved in early years sector in London, in particular that the Mayor has no statutory responsibility for early education and childcare and that under the Childcare Act 2006 local authorities have a statutory duty to ensure sufficient childcare for working parents.

The Mayor recognises that the early years sector is essential to the capital's economy, providing access to high quality early education and childcare and enabling parents to work. The sector also has a vital role to play in promoting social cohesion and closing the inequality gap between children from poorer backgrounds and their better-off peers.

There are 10,415 early years providers in London. This includes private, voluntary and independent settings (PVI), maintained nursery schools and nurseries attached to primary schools. The PVI sector varies considerably in terms of size of provision, ranging from individual childminders and small single-site providers, to medium and large chain nurseries. A large proportion of early years providers in London (94.9%) are rated by Ofsted as 'good' or 'outstanding.'

On average, children from London do better than the rest of the country. However, those from disadvantaged backgrounds are less likely to access early education, despite being the group that evidence shows would benefit most from it. In 2019, only 56% of eligible two-year-olds in London accessed their free 15-hours of early education, compared to 68% nationally. Access to employment opportunities amongst mothers living in the capital is also lower than the national average.

Whilst the Mayor has no statutory power in relation to early education, since his election in 2016, Sadiq Khan has committed to improving access to quality early years and childcare provision in the capital through collaborative working with partners and a suite of programmes to support the sector. As such the Mayor has recognised the serious implications for the early years sector and the wider London economy of the COVID-19 pandemic.

Early years providers across the country have provided a crucial service during the COVID-19 pandemic. From 20 March, when the government ordered them to close to the majority of children, many providers remained open to offer childcare to vulnerable children and the children of critical workers, crucially allowing them to work. However, most early years providers do not have the same financial security as schools. PVIs tend to be small

businesses, running on tight margins and dependent on income from parents paying for places. Even before the Covid-19 pandemic, many providers had been struggling to remain open in the face of rising costs, an unstable supply of workers and often insufficient government funding.

Between 20 March and 1 June, London saw a rapid closure of childcare settings and huge financial pressure on those that remained open whilst facing significant overhead costs, at the same time as a massive reduction in income from parents.

After 1 June, many parents chose not to send their children back to nursery, which continued to impact funding levels for providers. A snapshot survey carried out by the National Day Nurseries Association (NDNA) in May, revealed that only a third of children who formerly attended nursery immediately returned to take up their place. This indicated that more than 70 per cent of nurseries expected to make a loss between June and September¹.

Department for Education (DFE) figures published on 16 July, indicated that 417,000 children nationwide were attending early years settings – only about 25% of the number that would usually take up early education during term time². In addition, there is growing concern that the real impact of the Covid-19 pandemic on the early years sector will not become fully evident until after March 2021 when the current suite of government financial support comes to an end. An Early Years Alliance survey³ in October 2020 indicated that 17% of early years settings were worried about their immediate financial viability with this figure rising to 26% in disadvantaged areas.

There is strong evidence that the medium and long-term sustainability of London's early years sector is at risk because of COVID-19. Without effective business support in place, there is a risk early years providers will close their doors permanently, which will affect sufficiency of childcare places across the city, as well access to parental employment and training opportunities.

The Early Years Alliance partnered with CEEDA⁴ and commenced work in September 2020. The project was completed on 30th November 2020.

¹ <https://www.earlyyearseducator.co.uk/news/article/more-than-70-per-cent-of-nurseries-expected-to-make-a-loss-in-the-next-three-months>

² <https://www.gov.uk/government/statistics/attendance-in-education-and-early-years-settings-during-the-coronavirus-covid-19-outbreak-23-march-to-18-june-2020>

³ <https://www.eyalliance.org.uk/gone-christmas%20one%20six%20nurseries-and-childminders-may-not-survive-winter-due-continued-impact-covid>

⁴ for biographies of the two organisations see annex B

1.2 THE BACKGORUND ON BUSINESS SUPPORT

Preparatory desk research found many examples of business support programmes set up and delivered by a wide range of organisations⁵. What was missing from the picture however, both within the London region and nationally, was evidence on the type of support childcare providers value, the level of engagement with external support and the extent to which sector needs are being met.

A review by the National Audit Office in 2020⁶ found more than 100 schemes across government for supporting businesses (across all sectors), costing around £17 billion a year and including:

- £11.5 billion in tax reliefs to encourage businesses to invest in activities such as research and development
- £3.3 billion in government-funded schemes
- £2.3 billion spent by government departments on behalf of the EU, of which £1.9 billion was for the agricultural sector.

Much of the £3.3 billion spent on government funded business support schemes is administered by the Department for Business, Energy and Industrial Strategy (£2.4 billion).

Amongst its key findings the National Audit Office report flagged:

- A need to reduce the complexity of government funded support
- A failure to evaluate the costs and benefits of alternative schemes when shortlisting initiatives for funding
- Varying degrees of consultation in the design stages of programmes
- Which together increased the risk of introducing schemes that businesses do not need or find difficult to access.

The report concluded that urgent improvement was required if the government is to make the right choices for the economy when replacing support currently received by the EU.

⁵ See for example

[Early Years Alliance and London Business Hub Early Years Sector Business Support](#)

[PACEY Business Smart](#)

[NDNA Business Zone](#)

[Hempsall's Childcare Works](#)

[Family and Childcare Trust: Department for Education. Delivering extended flexible hours in school nurseries. Toolkit 2016.](#)

[Department for Education \(2018\) Business insights from successful early years providers](#)

[Foundation Years Business Planning](#) part of the Department for Education funded 4Children Business Health Check, published in 2013 and transferred to Action for children on 1 September 2016.

[Be the Business](#)

[GOV.UK Business Support Helpline](#)

[GOV.UK Finance and Support for your business](#)

⁶ [National Audit Office \(2020\) Department for Business, Energy and Industrial Strategy. Business support schemes. HC 20 Session 2019-20 15 January 2020.](#)

Notwithstanding the review of specific schemes⁷, existing evaluations of cross-sector supply and demand for business support are dated. Research commissioned by the Department for Business Innovation and Skills (BIS) in 2011 found:

- Two fifths (40%) of SMEs had made use of formal external assistance in the last three years
- Over a quarter of all SMEs (29%) used private sector support and one fifth (20%) used public sector support
- Growth orientated SMEs were more likely to use external support (46%) than survival orientated businesses (34%)
- Almost half (47%) of all SMEs had used informal assistance from friends, family or acquaintances)
- More than a quarter (28%) of SMEs experienced barriers to the take up and use of formal business support
- Of those SMEs seriously considering but not currently using external assistance, the most common barriers cited were cost (77%), difficulty finding time to use external assistance (71%) and difficulty finding appropriate assistance (72%)
- For those SMEs not using and not considering using external assistance, the main reasons were that they had sufficient internal resources (90%) and no need for external assistance (76%). Cost (44%), difficulty finding the time to use external assistance (44%) and a belief that advisors would be unable to understand their business (42%) were also common.

In addition to providing context and identifying knowledge gaps, the desk research phase provided a starting point for developing a business support schema for the project, enabling structured measurement of business support needs across seven main subjects and 54 sub-categories. The schema is shown at annex A.

1.3 METHODOLOGY

A range of methods have been used to provide a rounded picture of supply and demand for business support in the early years sector.

Online surveys

Online surveys were carried out with three target audiences: sector stakeholders and suppliers, childminders and non-domestic childcare providers in London. The latter category encompassed day nurseries, pre-schools and maintained nursery schools. Surveys were distributed via social media and direct email invitation.

A total of 518 London based childcare providers engaged with the survey over a three-week period, comprising 269 childminders, 249 nurseries and pre-schools and 12 maintained nursery schools. The sample achieved a good spread of single-site and group operators,

⁷ See for example:

[SQW \(2017\) Tech City UK Impact Evaluation. Final Report to the Department for Digital Culture, Media and Sport. October 2017.](#)

[Bone, J et al \(2019\) The Impact of Business Accelerators and Incubators in the UK. Jonathan Bone, Juanita Gonzalez-Uribe, Christopher Haley and Henry Lahr. BEIS Research Paper Number 2019/009.](#)

[Databuild Consulting LTD \(2018\) Growth Hubs pilot work evaluation. Final report. Prepared for HMRC](#)

private maintained and voluntary sector provision. Both the volume and mix of returns provides a good level of confidence in survey results.

Findings from the provider surveys have been weighted to provide London-wide estimates of demand. Ofsted registration data was used as the basis for survey weights.

Unlike childcare providers, there is no singular data source to indicate the total number and distribution of relevant business support providers. Engagement with the stakeholder and supplier survey was significantly lower at 34 returns, providing a partial picture of supply. Responses were received from local authorities, sector membership bodies, childcare providers offering support and wider business support organisations.

Challenges experienced in mapping supply served to further highlight the need, identified in project recommendations, to increase the clarity and visibility of London's business support offer.

Qualitative data collection

Views were explored in more depth via two focus groups with childcare providers, a focus group and roundtable discussion with sector stakeholders and ten one to one interviews. Thematic analysis has been conducted to identify key messages.

Figures throughout the report refer to the number of cases unless otherwise specified.

2. SECTOR CHALLENGES

Respondents to the provider surveys were asked to indicate their current financial position.

1) Non-Domestic providers – Nurseries, pre-schools, maintained nursery schools.

Of non-domestic providers, 64% considered their current performance to be either 'distressed', meaning they are at immediate risk of closure, or 'struggling' where they are concerned they will not be operating in 12 months' time. 25% of respondents considered their position to be stable and 12% were considering either gradual or rapid growth.

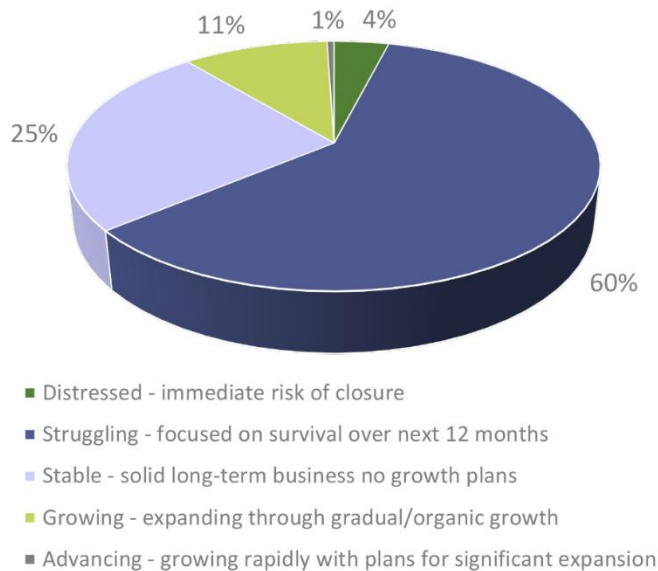


Figure 1: Non-Domestic Overall Status

Analysis of these returns indicated 70% of non-domestic providers in disadvantaged areas of London classed themselves as 'struggling' compared with 59% in more affluent areas. Whilst this demonstrates greater concerns about sustainability by providers in disadvantaged areas, the picture is only slightly better in London's more affluent areas.

Similarly, whilst the highest 'struggling' returns were from single site providers (68%) the position was only slightly better for two-site providers (59%) and multi-site providers with three or more locations (49%).

Participants in the provider focus groups also indicated that within their own portfolio the position was mixed. In the words of one manager running a group of three settings:

“A couple of them are doing OK. One’s actually the same or better than it was pre-Covid, one’s a little bit worse but still good occupancy, and then one is in a really, really bad situation. One is losing thousands of pounds a month and could close down, whereas another is doing absolutely fine.”

Respondents were asked to record how their margins and returns were being affected during the pandemic. 79% indicated that their forecasts had deteriorated from either a profit to a breakeven or loss position or from breakeven to a loss.

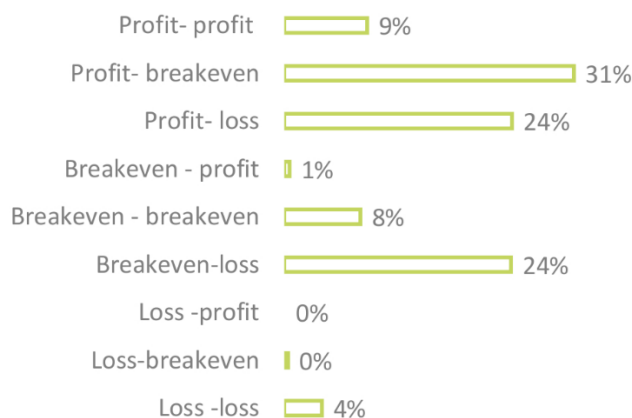


Figure 2: Non-Domestic Pre-Pandemic and Current Financial Position

When asked to indicate what the key challenges contributing to their financial position were, most (68%) cited inadequate funding rates. This is not a factor relating to COVID-19 and indicates that structural factors were affecting London's providers even before the pandemic struck. The increasing economic hardship now faced is impacting on a sector that was already financial under strain.

Declining demand for places from parents was cited by 57% of respondents as a challenge, which in turn increases the cost of delivery per head. Discussion in the focus groups considered whether this was expected to be a short-term issue or that the forecast decline in employment levels and changes to working practices, including increased working from home, would have longer term implications for childcare demand.

Comments from setting managers and local authority representatives included:

'At present the capacity of children we have, it's just by the grace of god we are still open. If it continues...after 50 years we may have to call it a night'.

'At the beginning of term, we were fifty children down on what we would normally be, and we're now 25, so we're getting there slowly...it's anxiety - most of our parents don't work'

[In our local authority area] . . 'We have some with full waiting lists and some which struggle to get children. It varies...there's no real rationale'.

Of the COVID-19 specific impacts indicated, most common were deploying staff in bubbles (cited by 40% of respondents) and delay in accessing tests and receiving test results (27% and 28% respectively).

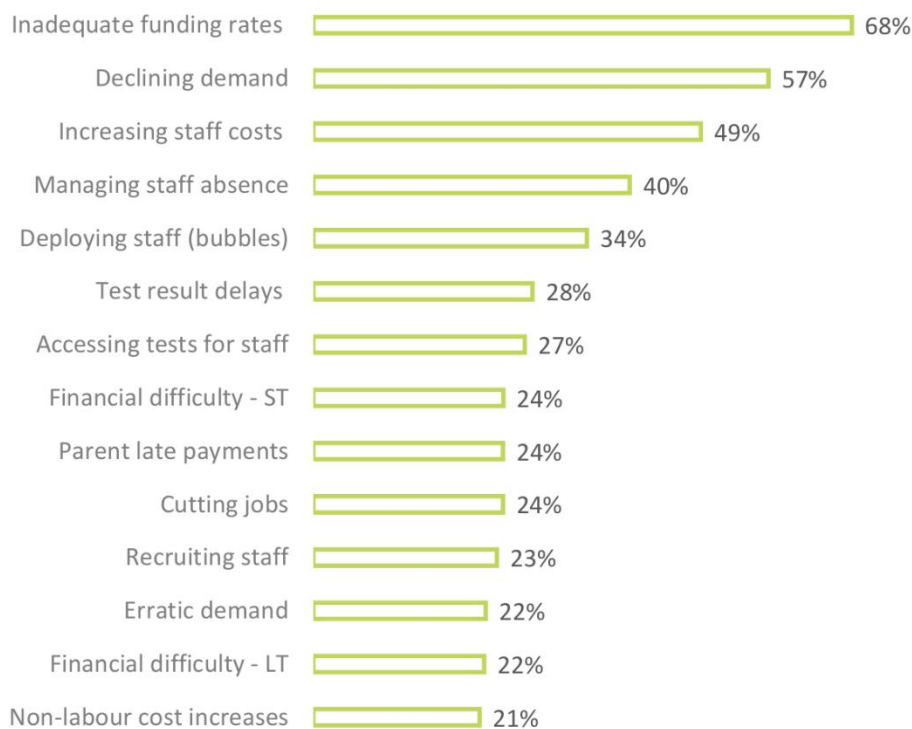


Figure 3: Common Business Challenges for Non-Domestic Providers. ST – Short Term, LT – Long Term.

Comments during the focus groups included:

'[my local authority]. . . is actually pretty good in supporting early years settings, but they are constrained by the financial arrangements that they are administering via DfE'.

'[In my area] . . . nothing's offered by the councils'.

2) Childminders

Childminder respondents to the survey indicate 6% are 'winding down' and preparing to stop offering provision soon with a further 50% 'struggling', and focused on trying to remain open over the next 12 months. 41% felt their business was solid and their position 'stable' with 3% planning to expand.

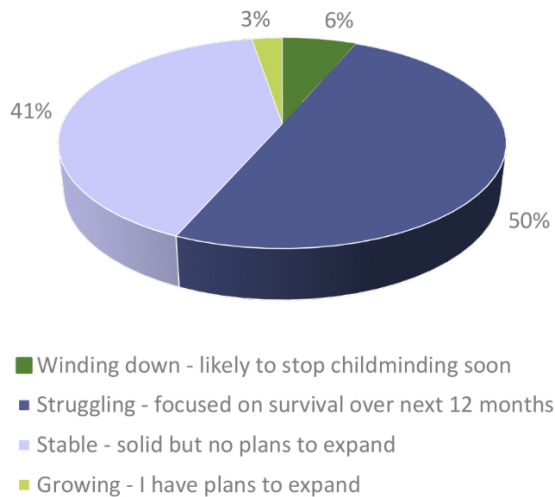


Figure 4: Childminder Overall Status

Amongst childminders recording how their margins and returns were being affected during the pandemic, 68% forecasted a deterioration from either a profit to a breakeven or loss position, or from a breakeven to a loss. However, 27% indicated that their general position was either stable (24%) or improving (3%).

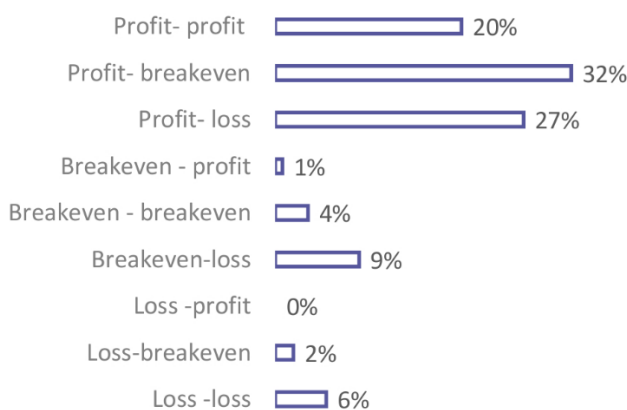


Figure 5: Childminder Pre-Pandemic and Current Financial Position

The key challenges informing these financial forecasts for childminders include short term financial difficulty (63%) and, similar to non-domestic providers, declining demand for childcare (55%).

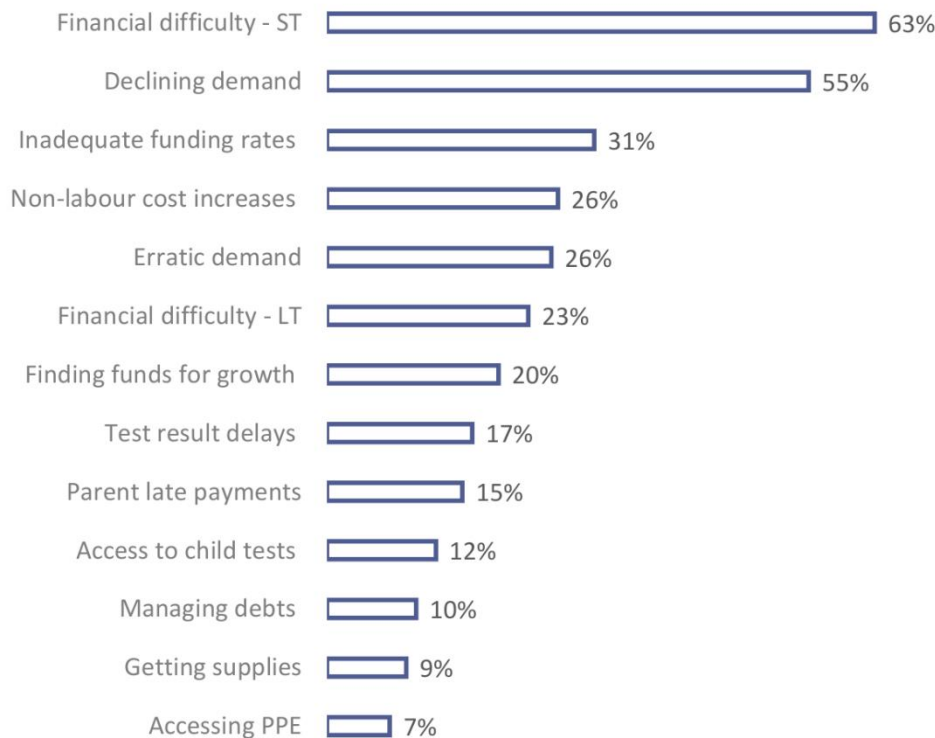


Figure 6: Common Business Challenges for Childminders. ST – Short Term, LT – Long term.

In the words of one childminder:

‘Although I have customers, I don’t know how secure their jobs are...you think everything’s ok and ticking over, but you never quite know what’s going on with the parents. You never 100 percent know the stability of the contract’.

In terms of COVID-19 specific concerns childminders indicated initially they had struggled to access information and advice. They did acknowledge that the picture was changing frequently so it would have been hard for the local authority and other staff to keep pace:

‘Initially it was quite devastating: lack of information and lack of guidance from our Local Authority. We were literally thrown in the wilderness’.

‘From our perspective, especially childminders, unless we ask for it we don’t get it. We asked our Early Years, but to be honest I found support groups, on Facebook, were actually more knowledgeable...There was a lot of information coming, and it changed very quickly, and it was very hard to keep up. Also, sometimes the LA got it wrong’.

Contributions to the focus groups indicated that many childminders, nursery and pre-school managers are becoming increasingly skilled and active in using social media to promote their services. This supplements word-of-mouth promotion, with endorsement from existing parents to potential new ones remaining a prime marketing tool.

'Next-generation mum is on social. I employ an agency just to look after our social (media) and I have done for the last two years. But I still think that word of mouth and your Ofsted inspection are the two most important things.'

'From my point of view, all of my customers have stemmed from each other...I don't use social media. Having feedback from parents knowing each other has worked quite well.'

'As a business we have to advertise. I have a website, business cards, t-shirts for children with my logo. I advertise with the council, childcare.co.uk... It's competition so you have to be unique...how people are displaying pictures, what activities they are promoting, how children are learning'.

'I'm not technology savvy, and if you use Yell.com they can provide a manager who does all that for you. It's nice when parents give feedback as it helps as advertising.'

3. PAST USE OF BUSINESS SUPPORT

Respondents were asked to indicate whether they had accessed business support in the previous three years and if so, what their experience had been. Over two-fifths of providers have accessed support, with a significant emphasis on public sector delivery, particularly for childminders. Additionally, peer-to-peer support is common, either through informal networks or via sector organisation coordination. The relatively small take up of personal coaching and consultancy may be linked to the higher cost of such input.

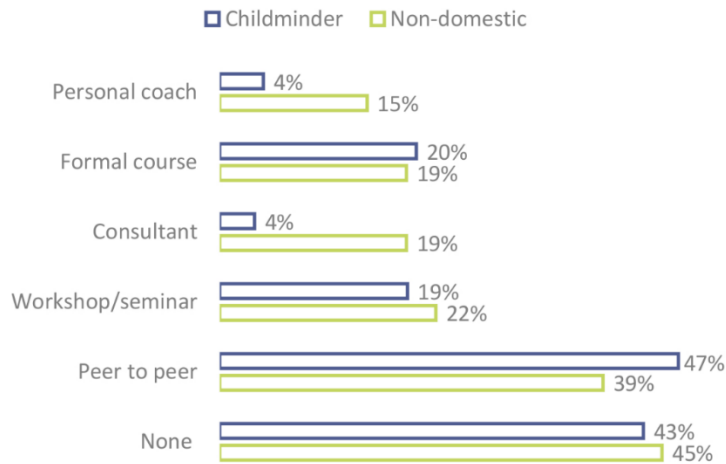


Figure 7: Access to External Business Support in the Last Three Years

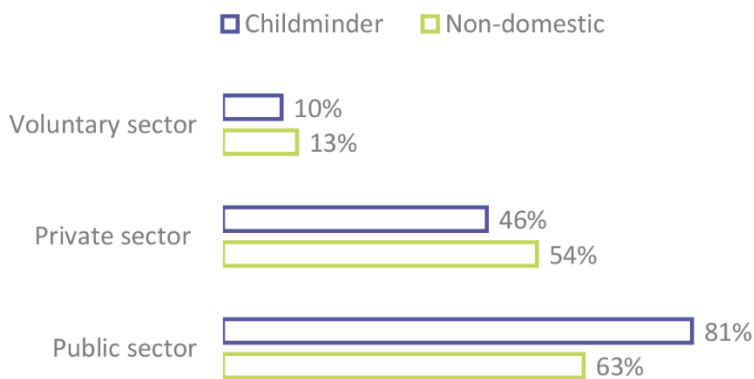


Figure 8: Source of Support Accessed in Last Three Years

Where providers have accessed business support they are generally pleased with the help provided. All types of delivery models were viewed favourably, with each rated excellent or good by at least 70% of respondents.

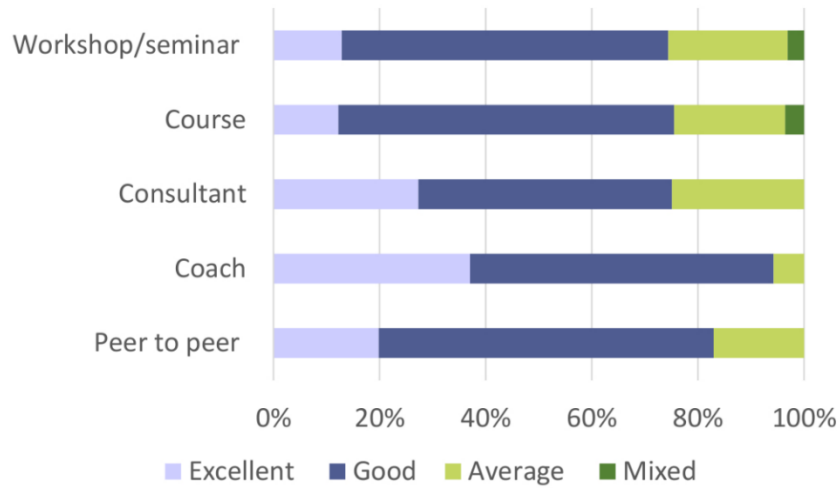


Figure 9: Rating of Support Accessed in Last Three Years - Non-Domestic Providers

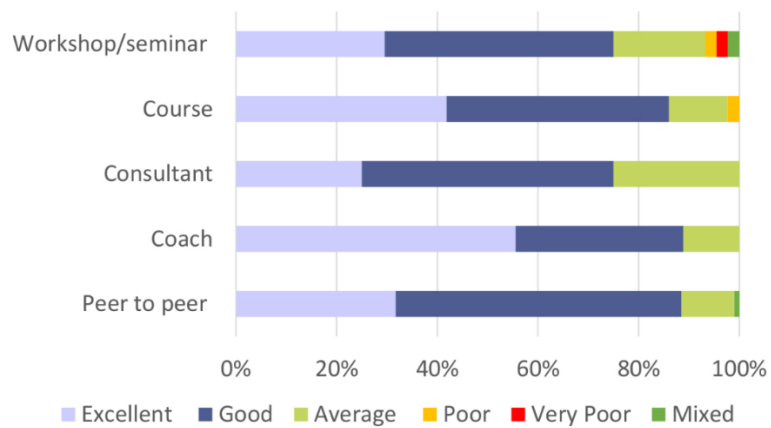


Figure 10: Rating of Support Accessed in Last Three Years - Childminders

4. SUPPLY OF BUSINESS SUPPORT

The research also sought to map the supply of business support to London's early years providers. It was difficult at the outset to calculate the size of the business support sector. Survey information was circulated through local authority and sector organisation networks as well as directly to commercial providers known to operate in the London area. Survey returns were received from Local Authorities (11), sector membership bodies (4), business support/training organisations (13), freelance business support/training consultants (1), non-domestic childcare providers offering support (4) and childminders offering support (1).

This total of 34 responses means confidence levels in the findings are lower for this aspect of the research. Information gathered from the survey was explored further in the Focus Group, 1:1 and Roundtable discussions. Attendees agreed that the findings from the survey did reflect their experiences and provided a good overview of the current position.

Respondents were asked to identify the areas of support they offered and whether they delivered each directly or by other means. The findings indicate that all areas of support identified can be accessed from a variety of providers.

	Don't provide	Provide direct	Contract others	Signpost
Managing COVID-19	6	19	2	14
Developing and marketing services	11	18	2	6
Developing and managing people	6	22	1	8
Managing finance	9	14	2	11
Business leadership	7	21	1	9
Using technology	8	13	4	10
Sustainable environment and communities	14	9	3	11

Table 1: Supply of Business Support by Subject

Discussions with business support providers produced broader insights into the state of the sector and consideration of how the landscape is changing. All acknowledged that local authority capacity is much reduced and under increasing pressure.

It was also felt that business support should be considered a process rather than an event, with the skills, knowledge and impact of initiatives at risk of being undermined if there is not ongoing support to see these sustained. Regular forum sessions were considered important in this respect as these offered ongoing interaction with providers, created a sense of collective action and strengthened skills and capacity across all involved.

How and when business support is offered was also considered important. Some local authority colleagues suggested that language is key, with some early years providers not recognising themselves as businesses and therefore not responsive to offers of business support. This situation can be mitigated by blending business support with pedagogical development, an approach with which practitioners may be more willing to engage.

A blended approach to methods of delivery was also seen as beneficial, with online information, toolkits and resources having more impact if they were supplemented by in-person, direct support.

5. BARRIERS TO USE OF BUSINESS SUPPORT

Suppliers and recipients of business support were asked to consider the barriers that they felt restricted take-up of provision. From the consumers' perspective, the biggest barriers to accessing support identified were cost, pressures on time, lack of a clear entry point to access and a clear understanding of their own, exact needs, i.e. 'not knowing what you don't know'. This issue was considered by local authority participants in the focus group who indicated that diagnostic work is often required with individual providers to identify their specific support needs before trying to meet them. Failure to do this initial assessment meant that, too often, the provision offered was not valued and had little impact.

The issue raised by early years providers of not knowing where to look for support was considered by suppliers in the focus group. The three sector support agencies present had all, at some time, developed directories to hold information about business support and signpost providers to relevant agencies.

PACEY's BusinessSmart resources can be located at pacey.org.uk/business.

NDNA's EYBZ resource is available at <https://www.earlyyearsbusinesszone.org.uk/>

The Early Years Alliance's EYupskill directory (<https://eyupskill.org.uk/>) is currently mothballed as resources are not available to maintain the directory service with up-to-date information.

Both NDNA and PACEY recognised this problem and agreed that securing resources to maintain these tools as live is a considerable challenge. Without sufficient investment these valuable tools cannot continue to make access to support available.

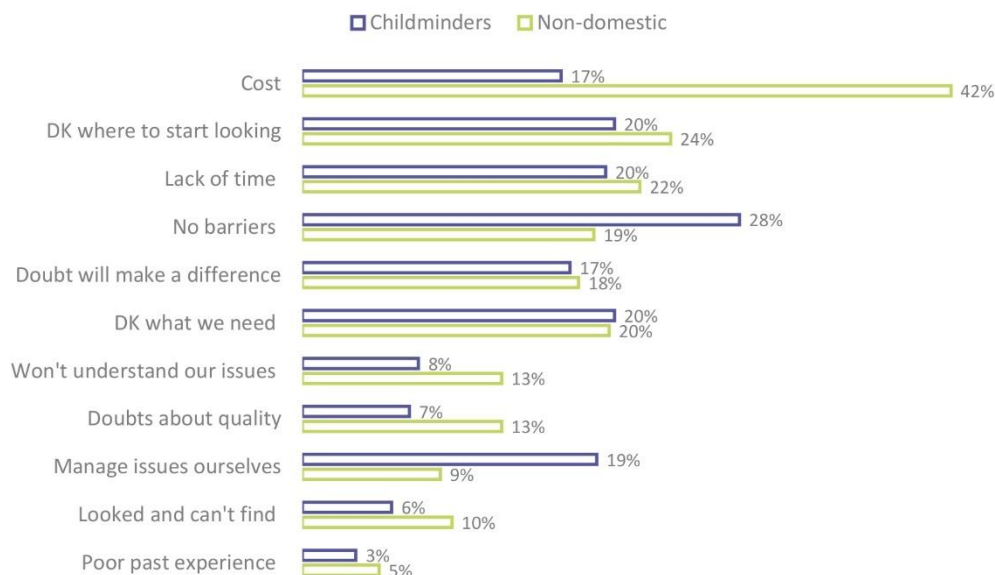


Figure 11: Providers Perceptions of Barriers to Using External Business Support



Figure 12: Stakeholder and Supplier Perceptions of Barriers to Using External Business Support

6. FUTURE DEMAND FOR BUSINESS SUPPORT

‘When you run a business, you have to be an accountant, a marketer, IT support, toilet cleaner, an expert in Ofsted, the curriculum, in managing staff.’ [a setting manager]

Respondents to the surveys indicated that demand for business support is generally high and consistent across all segments of the London market. Whilst there were greater levels of demand for support from non-domestic settings who identified themselves as ‘struggling’, for those with two sites and those in outer London, the differences were marginal when taking into account sample size.



Figure 13: Interest in Accessing External Business Support – Non-Domestic Providers

From childminders the demand for business support is also strong and wide. However, there were larger differentials across segments. Childminders with over 5 years or more experience indicated less demand than their less established peers. Similarly, those over the age of 40 were less likely to seek support than younger childminders.

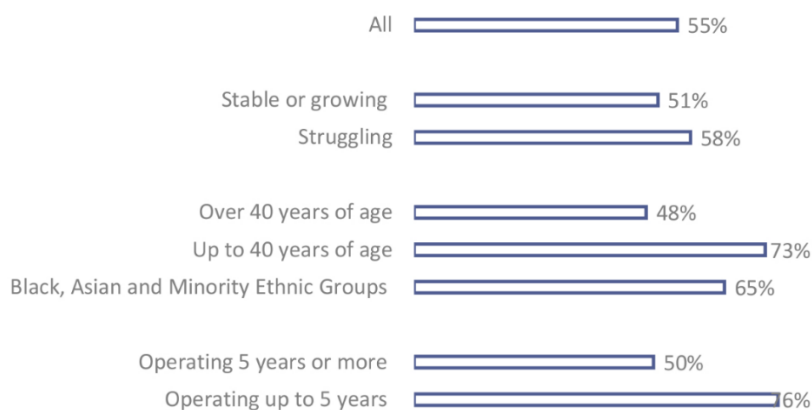


Figure 14: Interest in Accessing External Business Support - Childminders

Providers were asked to identify the areas of support they would most welcome and how they would prefer it delivered. Demand was measured across seven main subjects and 54 sub-categories within those subjects.

The table below indicates the percentage of providers expressing an interest in each broad subject area and then extrapolates the potential demand for each area across all London's early years registered providers (N). Whilst support in managing COVID-19 response measures is still a prime focus, it is clear settings are looking beyond this for advice on reconfiguring and promoting their offer, developing and rewarding their people, building leadership skills for uncertain times, increasing efficiency through greater use of technology and reducing their impact on the environment.

	Non-domestic		Childminder	
	%	N	%	N
MANAGING COVID-19 MEASURES	25%	1,300	35%	2,390
DEVELOPING AND MARKETING YOUR SERVICES	36%	1,880	23%	1,620
DEVELOPING AND MANAGING PEOPLE	26%	1,360	9%	640
MANAGING FINANCE	24%	1,250	22%	1,490
ORGANISATION LEADERSHIP	21%	1,070	19%	1,280
USING TECHNOLOGY	19%	960	14%	980
SUSTAINABLE ENVIRONMENT AND COMMUNITIES	18%	940	12%	850
NONE	32%	1,650	45%	3,080

Table 2: Demand for Business Support by Subject

A range of delivery methods were of interest to survey respondents including peer-to-peer support, coaching, consultancy, signposting to information, training courses, seminars and grants. The preferred model of delivery varied according to the type of business support considered. There were also variations in response from non-domestic providers and childminders, reflecting their different operating models. The need for operator-specific provision reflecting their own circumstances was articulated by a setting manager:

'It depends as well on where the setting is located. If a setting is located in a poor area, then we can see there is an anxiety...they are funded children and parents don't want to bring them. Whereas if the setting is located in a more affluent area, the parents are either working or WFH, and they are still bringing the children because of the need'.

Training courses as a delivery model scored highly in all categories across respondents, demonstrating a commitment on the part of practitioners to undertake programmes of study as well as one off sessions.

However, common across the areas is a sense that one size cannot be expected to fit all preferences and there is a need for layered support through multiple channels.



Figure 15: Preferred Delivery Format - Non-Domestic Providers



Figure 16: Preferred Delivery Format - Childminders

Local authority and other business support providers in the forum and roundtable sessions agreed that a mix of delivery models offered the best chance of having lasting impact in each of the areas considered. It was recognised that providers want to be given 1:1 advice on financial forecasting, budgeting and marketing, as these elements are specific to their particular circumstances and are also not commonly held amongst providers who have generally chosen a career in childcare through a desire to work with children.

'When you own and run your own business, you probably know more than the early years team. You're looking for something very much more business specific, maybe along the lines of accounting or marketing'.

'There is a lot of competition...how do we get more customers, how do we get more children coming to us?...That's where I need help'.

'In an ideal world the kind of support that we would want would be the HR, balancing the number of staff and the quality of staff and the training of staff, balanced with the

fluctuating number of children we get...managing that fluctuation when your finance is based on headcount, based on staff turnover, staff pay all those kinds of things all rolled up’.

A childminder added ‘What I want advice on is things like fees and gaining new customers...I sometimes feel like I need that peer feedback to know what works across a small area’.

As well as preferences around the preferred format of delivery, it is also important to consider the *level* of required content. Looking firstly at the needs of non-domestic providers, the majority of demand was for mid-level content across all types of provision, the span was wide however, and varied by subject group.

The need for introductory level input was most marked for provision around reducing the impact on the environment and contributing to local communities, whilst demand for masterclass provision was slightly higher, on average, for organisation leadership and developing and managing people.

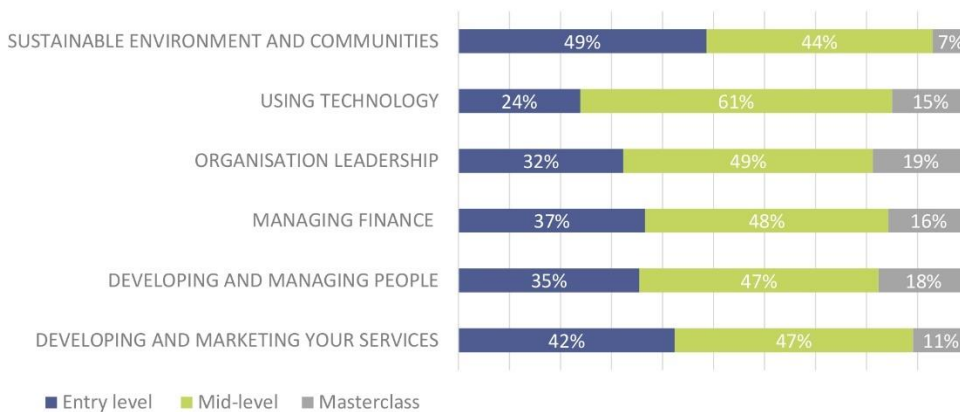


Figure 17: Level of Support Required by Non-Domestic Providers

Childminders were more likely to prefer entry level support; mid-level support was highest for developing and marketing services (44%).

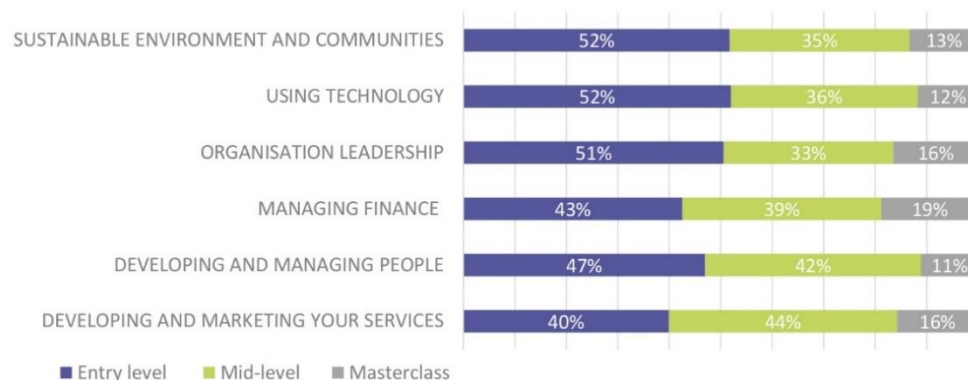


Figure 18: Level of Support Required by Childminders

7. RECOMMENDATIONS

The following recommendations are derived from the data and evidence generated by the project. They are presented to sector stakeholders, recognising the difficult financial situation that will face early years providers, public funders and the private sector in the short to medium term. They also recognise the different statutory roles and functions held by each with regard to early childhood education and care in London. The recommendations endorse a collaborative approach across stakeholders, each contributing to a framework where the whole is greater than the sum of the parts. The headline recommendations are supported by suggestions for how stakeholders can contribute to their delivery.

1) **Bring greater coordination and accessibility to the offer of business support for the early years sector in London**

London's early years providers are generally satisfied with the business support they receive and are keen to receive more. To develop this positive position further a **regional sector-specific web-based One Stop Shop (OSS) should be established, maintained and promoted** as the main access point for information, advice and guidance on all aspects of business support.

To focus attention on the key issues facing early years providers and encourage engagement with services, it should be promoted as **sustainability and growth support**. This direct language will have greater resonance with nurseries, pre-schools and childminders than generic references to business support.

The **OSS should offer a triage service** to help setting managers and childminders identify their specific areas of need. Web-based self-assessment tools should be supplemented by telephone or on-line chat discussions to identify specific requirements and how best they can be met.

The **OSS should provide an on-line directory, including sector-specific support**, signposting to training and other providers able to meet identified needs. The directory should not hold details from support organisations itself, but instead direct enquiries to organisations' own websites and contact information. This avoids data protection complications and the need for constant updating of the directory.

The role of stakeholders in delivering recommendation 1

The GLA should host the OSS on the London Business Hub website to align the service with and supplement the GLA's existing business support provision. To gain maximum traction the OSS should be hosted on a high-profile web facility and promoted widely and heavily. Alternatively, a third party web host could be commissioned to develop, maintain and promote the service.

National government departments who have a stake in sustaining and growing early years education and care provision in London including HMRC, BIS and DfE. should meet the development costs of the OSS. Development costs would be small if the expertise and experience of organisations who have developed similar models in the past is utilised. London's OSS should be viewed as a pilot which could be scaled to national level with only marginal additional development costs.

All London early years stakeholders, GLA, LA's, support organisations and early years providers will need to commit to the ongoing promotion of the service. This will ensure it gains traction with both the demand and supply sides of the sector. Once recognised as a

successful and valued tool, advertising and sponsorship revenue could be explored as a means to cover costs. Coordination and maintenance of the site would sit with the web host.

2) Deliver a sustainability support initiative across London in the 2021-2022 financial year

Securing the survival of viable early years providers needs to be the principal aim of business support to the sector in London over the next 12-18 months. **Support in the 2021-22 year should focus on PVI providers' financial forecasting, budgeting, marketing and human resource management.** A programme of interventions should offer a range of delivery models, recognising the wide variety of demands facing early years providers in terms of time limitations and costs. Of particular value will be **on-line budgeting tools supplemented with 1-1 support from sector specialists via telephone, on-line or in person** where possible and safe.

Tools and resources already exist in these areas and their developers should be encouraged to engage with the programme. Sector specialists can be drawn from local authority staff, commercial and voluntary providers. In addition successful setting managers and childminders should be encouraged, trained and supported to offer their expertise to others in their area. Business expertise from beyond the early years sector should be encouraged to engage with the programme, widening the resources and skills sets available.

The programme's initial focus needs to be on securing the survival of as many viable early years providers as possible in the 2021-22 financial year. In time it could be scaled-up and broadened to include a wider range of business topics and support the business acumen of the next generation of managers and childminders. The kudos of the programme and its value to London early years providers could be further enhanced over time if it were celebrated and certified by the Mayor.

The role of stakeholders in delivering recommendation 2

Government departments with a key stake in securing the viability of London's early years provision including HMRC, BIS and DfE should subsidise the cost of the programme to nursery, pre-school managers and childminders.

London's commercial sector and businesses should invest in the programme as they will benefit from the increased viability of early years providers. This investment should be both financial and in-kind with business expertise contributing to the delivery of the programme.

London Local authority staff, sector support organisations, private training organisations and business advisors from beyond the early years sector should collaborate to deliver the programme drawing on the skills, expertise and resources of support providers across London.

Promoting the essential importance of high quality early childhood education and care to London's employer's, parents, carers and wider public

Stimulating and maintaining demand for formal early childhood education and care is essential for both the economic and social recovery of London after the pandemic. The sustainability and viability of the sector is ultimately dependent on the demand for formal childcare of parents and carers. Widespread promotional messaging is required to stimulate and maintain levels of demand in the immediate and longer term.

Parental/carer understanding of the value of early years provision in supporting their children's social, emotional and cognitive learning and development needs to be spread and deepened.

For London's employers promotional messaging should combine the focus on the need for affordable, accessible childcare to allow parents and carers of pre-school age children to go to work with a longer term perspective that early years provision is the foundation for the skills development and future educational success of the next generation of their workforce.

The COVID-19 pandemic must not be allowed to create a spiral of decline for London's early years market. **Messaging to public, corporate and philanthropic funders must demonstrate the need for sustained investment into the sector** as a key foundation to the capital's economic and social recovery.

The role of stakeholders in delivering recommendation 3

The Mayor, GLA and London's local authorities should combine and coordinate the promotion of the importance of the early years sector to all stakeholders. This messaging should align with and build upon local authorities' promotion of universal financial support for 3 and 4 year old provision and disadvantaged 2 year olds.

DfE must recognise the vulnerable state of the early years sector in London and secure sufficient financial investment to fund providers at a sustainable rate.

Annex A: Business support schema developed from the desk research

1. MANAGING COVID 19 MEASURES
Managing social distancing of parents
Managing social distancing of children
Working in bubbles
PPE supply and use
Hygiene practices
Access to testing
Self-isolation and shielding policies
Managing children's use of multiple settings
Charging policies
Using the new Job Support Scheme
2. DEVELOPING AND MARKETING SERVICES
Understanding how local supply and parent demand is changing and how to shape your services to best reflect this e.g. locations, opening hours, session options, capacity for each age-group, diversifying into new products or services
Developing strategic partnerships to expand or improve services e.g. working with childminders, schools and/or local employers
Managing acquisitions – expanding the business by purchasing new sites
Generating new sales – using a range of channels to attract and convert enquiries to bookings
Monitoring take-up – continuously analysing occupancy and using data to manage and shape provision
Measuring satisfaction – understanding customer experience and acting on feedback.
3. DEVELOPING AND MANAGING PEOPLE
Recruiting people – using a range of strategies to attract new staff
Deploying people – developing and changing employment contracts and work patterns
Rewarding people - developing pay scales and benefit packages
Retaining people - building staff engagement and loyalty
Losing people - downsizing teams through natural wastage and redundancy
Developing people – managing an apprenticeship programme
Developing people – identifying ongoing training needs and finding solutions to meet them
Developing people – creating progression routes for staff
Staying within the law – understanding and complying with employment law
Staying well - supporting staff well-being and mental health
Staying well - general health and safety in the workplace
4. MANAGING FINANCE
Setting parent fees and getting paid on time – setting fee levels based on costs and market conditions, managing parent contracts, payment terms and debt collection during the pandemic and beyond.
Accessing additional LA funding – guidance on applying for EYPP, SENIF, DAF
Generating additional income streams – raising income from activity outside your main services such as fund-raising and investments etc.
Tracking and controlling spend – setting and monitoring budgets and taking action to reduce costs

Managing suppliers – getting the best deals for your business and developing positive relationships with suppliers

Funding growth - sourcing funding for business growth such as social investors, private equity, business loans, crowd-funding etc.

Managing debt – re-negotiating loan terms, consolidating debts, re-negotiating terms with suppliers etc.

Rent, lease and business rate reviews – managing reviews and appeals

Taxation – preparing and submitting accounts and tax returns

5. ORGANISATION LEADERSHIP

Developing and communicating a long-term vision - setting long term goals and measuring progress towards them.

Taking your team with you - building a shared understanding and ownership of goals and how individuals contribute to them.

Putting systems and structures in place to achieve goals – such as shaping management and team structures, introducing or improving administrative, finance and quality systems/policies/procedures.

Problem solving – analysing problems, assessing options, and finding solutions, in times of crisis and in long-term planning.

Inspiring and enabling others – being a positive role model, understanding the strengths and potential of others and enabling others to take control and initiative.

Enabling yourself – supporting your own well-being and professional development – analysing problems, assessing options, and finding solutions, in times of crisis and in long-term planning.

Exit planning – choosing and implementing your exit plan e.g. keeping your business in the family, management buyout, business sale, business closure.

6. USING TECHNOLOGY

Using technology to improve financial management and cashflow

Using technology to support communication with families

Using technology to support HR and payroll functions

Using technology to manage and monitor provision e.g. track occupancy, manage staff rotas etc.

Managing GDPR compliance

Developing your online presence - safe and effective use of website and social media channels

7. SUSTAINABLE ENVIRONMENT AND COMMUNITIES

Reducing single use plastics and good practice in recycling

Lowering consumption and switching to green energy – options and actions

Improving air quality – products to avoid and actions you can take

Ethical banking and investment – understanding how your funds are used

Sustainable diets – how food choices impact the planet, lowering food waste

Working with local communities – strategies for making a positive contribution outside your organisation.

Annex B

The Early Years Alliance

The Early Years Alliance is the largest and most representative early years organisation in England. It supports 14,000 early years providers, predominantly small private, voluntary and independent settings and childminders, with business, human resources and curriculum advice. Services are delivered through on-line and direct regional operations. The Alliance also directly manages 64 nurseries and pre-schools.

In London the Alliance has a membership base of 1359 providers and direct contacts links with over 2434 practitioners. It provides regular updates and briefings on all aspects of early years provision and delivers high quality professional development training and consultancy of issues pertinent to the sector.

Visit www.eyalliance.org.uk for more information

CEEDA

CEEDA was established in 1999 by founder and managing director Dr Jo Verrill, and is widely recognised within the sector, wider media and by regulatory and governmental bodies as a leading source of authoritative and influential intelligence on the early years sector.

CEEDA's research has delivered a wealth of sector insight over two decades, culminating in the launch of the pioneering 'About Early Years' research programme in 2017. Drawing on research with a representative panel of over 2,300 providers, the programme's outputs influence national policy debate and everyday decision-making in childcare businesses, from large corporate groups to single-site family run businesses.

Latest outputs include [detailed modelling of the financial impact of Covid-19 on operators' costs](#), considered at the highest levels of government, including presentation at a recent meeting with the Chancellor of the Exchequer, Rishi Sunak.

Visit www.ceeda.co.uk for more information

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