



Improving business skills in the early years and childcare sector

**Research report for 4Children and the Department
for Education**

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Executive summary

Introduction

4Children, the Office for Public Management and The Social Investment Business have received grant funding from the Department for Education as part of the Improving Outcomes for Children, Young People and Families Grant in 2011 to deliver a project to improve business skills in the early years and childcare sector. To inform the development of the programme, OPM undertook primary research with 636 providers in the four early years sectors; childminders, children's centres, nurseries and pre-schools and out of school clubs. This took the form of telephone interviews, focus groups and an online survey. 4Children also carried out interviews with local authority representatives. The research engaged

- 244 nursery and pre- schools
- 190 childminders
- 36 children's centres
- 166 out of schools clubs
- 17 local authorities

In addition, five scoping interviews and a literature review were carried out to inform the development of the remainder of the research.

Key findings

Overall findings from the research

On average just over half of providers (58%) have accessed business skills training. This ranges from 52% of managers in children's centres to 65% of managers in nurseries and pre-schools.

Document review

The document review brought together a number of evidence sources about business skills in the early years sector. This concluded that business skills has not been a particular focus for training in recent years, that in general provision is patchy, and varies from area to area, and that there tends to be a cultural barrier for some childcare providers to see themselves as a 'business'.

Local authority perspectives

The views provided by local authority representatives reflect those of the providers. Key issues include:

- The current financial context means that the market is becoming more difficult for providers and sustainability is becoming a challenge, particularly for some smaller voluntary sector providers. Costs of running the provision are increasing at the same time as parents' ability to pay is reducing. Business skills are therefore becoming even more important.

- One of the key barriers to accessing business skills support was the cultural mindset of providers who prioritised practice, quality and regulatory issues but did not consider business skills to be an essential element of running a childcare setting.
- Most local authorities felt that there was a need for additional targeted support for voluntary management committees, especially around roles and responsibilities and legal structures.
- The need to have a good relationship with parents often hinders the ability to be a 'good business person', where providers are unwilling to ask for payment up front or for additional costs and chase bad debts.
- There is a lack of general business skills amongst early years providers.
- Local authorities are aware of the type of support needed and how best to engage providers but are facing re-structuring and reduction in funding and in many cases are unable to provide as much support as in the past.
- In terms of areas of business skills in which providers are least confident, local authorities suggested the following;
 - Financial management
 - Marketing in its broadest sense, including research, marketing mix, sales etc
 - Managing bad debts and debt collecting
 - Strategic planning
 - Booking-keeping support & training

Childminders

Just over half of childminders (55%) have received business skills training. There is a wide variance in childminders' attitudes and experiences towards business skills as part of their day to day work. Most agreed that although business skills were important the most important aspect of their work was looking after the children. The majority lack confidence in their business skills and this is compounded by the attitudes and expectations of parents who do not treat childminders as a business, often failing to pay on time, and expecting trips or additional items to be provided for free. Many face problems with forward planning and forecasting.

Most training had been received as one off training, provided by the local authority. The key barriers to uptake of training include:

- Not having time to attend and poor timing of courses (ie training needs to be in the evenings or weekends)
- The cost
- Venues and lack of transport
- Not knowing what was available or where to get it
- Considering that they do not need training

Childminders identified the areas in which they would most welcome training as information technology e.g. Microsoft Office, Access and Excel, accounts and tax, e.g. returns, credits, voucher schemes, book keeping and general financial skills. Childminders were keen that whoever delivered the course had experience in childminding, and that they did not have to

pay for the course; in fact many wanted an incentive to attend. They were interested in setting up peer to peer support networks to help continue the development of their skills.

Children's centres

52% of children's centre respondents had taken business skills training. Children's centres see the business role as crucial to the running of the service and many of the children's centres leads involved in the research had an allocated member of their management team that was responsible for business and financial monitoring and development. However they recognised that their own skills could be improved in this area, firstly so that they are able to analyse the information business leads produce and also so that they could do some of that work themselves and reduce the reliance on business leads.

The barriers to accessing business skills training were identified as cost, lack of time, and lack of knowledge about what was available. Children's centres wanted training in a wide range of business skills including book keeping, marketing, report writing, reading and interpreting spreadsheets, understanding business jargon, record keeping, monitoring, forecasting, applying for funding, business planning, writing development plans and general IT skills. They were keen that any training should be appropriately tailored for basic, intermediate and advanced needs.

Children's centres suggested some ways in which training uptake could be improved in their sector:

- Nationally recognised training, either certified or contributing towards a qualification for children's centre managers.
- Guarantee of on going support post training.
- Specific marketing to attract those in need of the support.

Nurseries and pre schools

65 per cent of respondents from nurseries and pre schools had undertaken business skills training. Findings show that nursery and pre school managers understand the importance of good management, but not necessarily *business* management. This is either because they do not see it as their particular role as someone else within the organisation may be responsible for this, or because they don't view 'business skills' as different from their skills as a early years professional. Nursery and pre school providers were least confident in their skills in financial management and marketing.

The main barriers preventing respondents from accessing business skills support were the cost, not having time to attend and not knowing what was available. The problem and cost of arranging cover, and distances to training venues were also cited as barriers. Another reason given for managers not attending business skills training is because they thought that they do not need it. This was because either they had already had training and gained the skills that they need, or they were able to draw on other resources to ensure efficient running of the business.

For those that wanted training, the key areas included: book keeping, accountancy, ICT (including payroll, expenses, and excel), policy and procedures including legal requirements, budgeting, finances, time management, recruitment and selection advice.

There are specific issues for voluntary sector providers with management committees including understanding the governance, being able to recruit people with appropriate skills, and the high turnover of members.

Out of school providers

60 per cent of survey respondents from out of school clubs have had business skills training. Out of school clubs feel that having 'good people' with strong business skills knowledge is very important and crucial to the success of the business, as well as good business planning, accounts and profitability.

Of those who have not taken up training, the main reasons were not having time to attend, not knowing where to access training and not thinking it was necessary. Cost was also seen as a barrier, but not as much as for other types of provider.

Out of school providers identified a range of areas in which they would welcome more support including accounts, marketing and communications, managing employees, employment law, IT e.g. Microsoft Office, including Access and Excel and fundraising. However some suggested that their skills were already fairly advanced and they would want training targeted to their needs.

Conclusions

- There is clearly a need and a demand for more business skills training across the whole of the early years sector. Confidence in business skills is fairly low, understanding about business skills is variable and only around half of the research sample has ever accessed training.
- The culture of the early years sector has meant in the past that business skills are not as highly valued as the ability to provide safe and secure childcare provision. The attitudes and views of parents about the role of childcare, particularly nurseries and childminders has exacerbated this issue.
- There is a wide variety of business skills needs across the early years sector. Although the four sectors deliver similar provision, their set up, size and type of provider (private, voluntary, state funded) mean there are very different needs, both between the sectors and within the sectors.
- Childminders in particular have very specific needs; being self employed sole traders makes it more challenging for them to take up training because of cost, time and understanding of what they need and how to access it.
- Across all providers time, cost, distance and knowing what's available are the three biggest barriers to accessing training.
- Providers very much value the local authority development officer role.
- It is important that any training is tailored to the type of setting and the level of skills, and provided by people with an in depth understanding of the sector, the area and the issues.
- There are some settings that have business advisors or experts, particularly children's centres, and these might be seen as a resource for the rest of the sector in that area.
- There is a difference between providers who need 'basic' skills and 'advanced' skills training.
- There are accessibility issues for providers in rural areas.

- There do not appear to be effective peer support networks for providers, particularly childminders, and this might be something that local authorities or membership bodies could develop.
- Children's centres as group tend to be more advanced in their understanding of the importance of business skills than the majority of other providers.
- Management committees of voluntary sector nurseries and pre schools were highlighted as a particular area where support is needed. More support and information on becoming a social enterprise might encourage providers to take this step.

Implications of the findings for the roll out of the support and training programme

4Children and the Social Investment Business will take the conclusions of this report into account when developing the programme of support. In addition, it is recommended that the following points should be taken into account when developing any future support to the sector:

- Support should be carefully tailored to the needs of the different types of provider, and be offered at different levels, perhaps basic, intermediate and advanced.
- Marketing and awareness raising will be crucial and the role of existing networks and social media to advertise the support can be vital.
- It is important to raise awareness about the need for business skills training. This will be particularly important for voluntary sector nurseries and pre-schools, and childminders and might be something that would benefit from a peer champion approach.
- The support will need to include a wide range of topics, at different levels of competence.
- Incentives to encourage providers to attend training are key, perhaps including some type of accreditation.
- Location and timing are crucial in encouraging providers to attend training, with weekends and evening being preferred. Free training is preferred and is recommended to ensure good attendance; some providers even talked about wanting a financial incentive to attend.
- On line provision without any other support is not likely to be sufficient to engage or upskill those most in need. A variety of types of support, including face to face support for those most in need, is required.
- Local authorities and membership organisations have key role to play in providing supporting networks, raising awareness of the need for training, and helping providers to access it.
- Providers that already have sound business skills, such as children's centres, could be incentivised to support smaller, less able providers.

1. Introduction

About the project

4Children, the Office for Public Management and The Social Investment Business have received grant funding from the Department for Education as part of the Improving Outcomes

for Children, Young People and Families Grant in 2011 to deliver a project to improve business skills in the early years and childcare sector.

The programme will be rolled out over the course of two years (2011 – 2013) and intends to;

- Develop an online hub of best practice resources for business skills which will meet industry needs, drawing on evidence of what works.
- Disseminate information about the hub and resources through the 4Children current and planned networks, business improvement bodies and lead industry bodies.
- Train 100 Business Champions to drive business improvement, each chosen for their ability to drive business improvement in the early years sector at a local level targeting disadvantaged areas.

OPM were asked to carry out the initial research to inform the design and content of the rest of the programme. The research was conducted over a three month period from May to July 2011 in England. As specified by the Department for Education, the four early years and childcare provider groups that the research has focused on are; childminders, nursery and pre- schools, children's centres and out of school and holiday clubs.

Policy background

National policy¹ on the early years sector is changing in line with the new coalition government, and the government's general focus on utilising the voluntary sector more for delivering key services in England. Out of the four provider types we are focusing on there are currently broad policy changes affecting nurseries and children's centres. There is particular recognition in central government of the need for nursery provision in disadvantaged areas, as the Department in April 2011 launched a £4 million fund to provide free nursery education for two year olds in 15 disadvantaged local authorities. Some local authorities who have received this funding are also focusing on childminder provision².

There are also plans for children's centre³ provision to change. The Department for Education issued 'The Early Intervention Grant'⁴ in December 2010 which will be supported by a policy statement to be issued later on this year. The policy that was introduced with the grant has included a small amount of information about the department's priority to have more voluntary and community sector involvement in delivering children centre provision.

¹ This policy context section refers to the most recent government policy. Older government policy is mentioned through the review as part of previous research projects.

² <http://www.education.gov.uk/childrenandyoungpeople/earlylearningandchildcare/a0076390/4-million-to-fund-free-nursery-places-in-15-areas>

³

<http://www.education.gov.uk/childrenandyoungpeople/earlylearningandchildcare/surestart/a0076712/sure-start-children's-centres>

⁴ <http://www.education.gov.uk/childrenandyoungpeople/earlylearningandchildcare/a0071882/sure-start-early-years-and-childcare-grant-sseycg-and-aiming-high-for-disabled-children-ahdc-capital-guidance>

In the last five years there has been a limited amount of resources and specific national level policies dedicated specifically to the improvement of business skills in the sector. Interviews carried out as part of this research with sector representatives and local authorities have highlighted that although policy has not particularly focused on this area recently, business skills are likely to become more of a priority as the recession impacts on the sector. Firstly, the occupancy levels of places are likely decrease as it is likely that as more people become unemployed, they will stay at home to look after their children and will not spend additional income on child care. There are also concerns that as parental debt increases, more parents will be unable to pay nursery fees and providers may incur bad debts. The increase in VAT could potentially either push fees up or will need to be added to the costs to be covered by early years and childcare providers. Lastly, parents may opt for more part-time care rather than full time due to costs and more availability to look after their children at home.

Aims of the research

The objectives of the research were to find out;

1. What the current early years and childcare provider market consists of, including its size, representative and umbrella bodies, its pattern of working and any change in structure, roles and funding over the last 5 – 10 years.
2. To explore what business skills support has previously existed and currently exists, who it is provided by, how it is funded and how early years and childcare providers have accessed it.
3. To identify any potential barriers for early years and childcare providers to access this support and what could make the training more engaging.
4. To identify any gaps in business skills support for each of the provider groups. Since a proportion of early years and childcare providers would have previously received training, the research aimed to identify what the most useful support going forward would be.

This report presents the findings from the research and considers the implications for the 4Children led support programme.

2. Methodology

The research methodology included the following:

- Scoping interviews with sector representatives
- A document review
- Provider interviews
- A web based provider survey
- Focus groups with providers
- Interviews with local authority representatives

A detailed description of the methodology, including sampling selections, is set out at appendix 1.

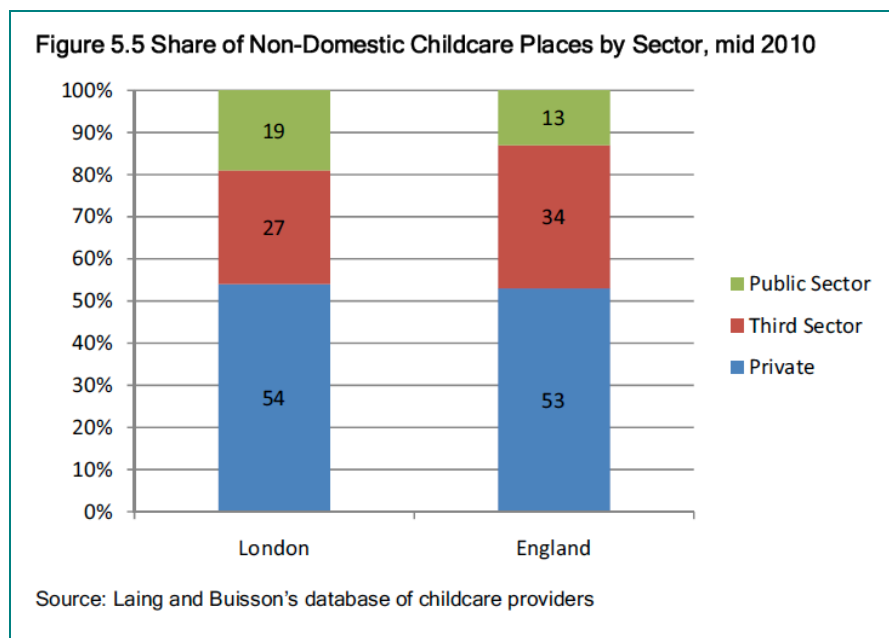
3. Findings from the document review

Prior to conducting the primary research, OPM undertook a review of relevant literature. The key findings are set out below and referred to within the report.

Difference between private and voluntary sector providers

As part of the focus on improving business skills in the early years sector, 4Children and Department for Education wanted to focus on voluntary sector funded settings. Therefore, as part of the literature review OPM looked at the difference between the private and voluntary childcare providers.

The London Development Agency (2011) report finds that around half of non-domestic childcare places across England are owned and run by private companies, partnerships and sole traders. Laing and Buisson estimates that larger childcare groups (providers operating three or more settings) account for 15% of non-domestic childcare provision in England.⁵ The chart below illustrates this.



According to the 2009 Early Years and Childcare Providers Survey, published by the Department for Education, more than two-thirds of part-day (sessional) childcare settings are operated by the third sector. Childcare Groups, defined as private companies, sole trader/partnerships and third sector (not for profit) organisations owning or managing three or more childcare settings account for 15% of total places in England.

5

http://www.lda.gov.uk/Documents/The_London_Childcare_Market_Labour_Market_Research_Series_5_10835.PDF

Rate of business closure

The primary purpose behind improving business skills is to help reduce the number of business closures and increase the likelihood of sustainability.

Sustainability is an issue which affects all types of childcare providers. A report published by the NDNA (2005) highlighted that between 1999 and 2003, 301,000 childcare places (net) had been lost, and 193,000 of those were childminders, but that all the types of provision were affected by business failure. Business failure in this study was impacted by high staff turnover, competition from other providers and for some providers, the burden of administration. The report found that many providers were also unable to judge future viability⁶. Since the UK has recently been through and is still recovering from a recession, the trend is not only likely to remain the same but business closure increasing is a risk potentially faced by childcare providers.

Research by the London Development Agency (2011) into the London Childcare Market highlighted that there was a fall in childcare places available of 2.7% for England as a whole with a 2.3% fall in non-domestic places (childcare delivered outside of the home, including day nurseries and out of schools providers) and 4.2% in childminder places between April 2009 – 2010.⁷

Presence of organisations in the field

A number of umbrella bodies have been crucial for giving childcare providers a voice in national policy and networks for training and support. Umbrella bodies tend to be membership organizations, providing information and also training and in some cases, accreditation schemes to increase the quality of provision. Umbrella bodies currently exist and continue to provide support to their specific sectors.

What business skills support exists?

Existing literature indicates that the main source of business support currently available to the sector is delivered through local authorities, with additional support being provided by umbrella bodies to their members. This is either delivered for a fee by the umbrella body itself or commissioned by a local authority to be delivered via relevant organisations. Some local authorities have also developed business skills training.

In 2001 the Department for Education and Skills allocated funding to local authorities to appoint Business Support Officers (BSO) to assist and guide partnerships to meet targets for expansion and sustainability through programmes of business support. The BSOs role was to provide information, support and advice on business and finance issues to existing child care providers, identifying those providers who are struggling and providing support and training to up skill them. This specific post no longer exists in all local authorities. Osgood (2003) conducted an independent evaluation of Business Support Programmes; the findings of which are discussed further below.

National umbrella bodies increasingly have a role to play in providing business skills training. Information gathered through the stakeholder interviews highlight that it although there isn't

⁶ NDNA (2005) *Childcare: good business for families and communities*

⁷ The London Development Agency (2011) *The London childcare Market Research Series 5*, pp.26

always a specific course dedicated to business training, this is often incorporated into induction or leadership focused training. The sector representative interviews also highlighted that many umbrella bodies are currently reforming their training packages to incorporate more business skills specific training.

In conclusion, the way that business skills training is currently delivered is fragmented and delivered differently according to local authority areas.

Potential barriers for providers when accessing business skills support

The literature review and interviews identified a number of barriers that prevent providers in the childcare sector from accessing business skills support. These include;

- the cost of training, which is something voluntary sector providers especially struggle with,
- the amount of training available, as this can be limited in a lot of areas,
- provider's perception of business skills training, as it is often seen as unhelpful,
- the existence of a culture of resistance amongst smaller voluntary sector providers to engage with the concept of a childcare agency as a business,
- a cultural lack of understanding of the terminology, and
- the extent to which it is seen as a priority.

Costs

Attending training can cost providers, both in a monetary sense and in time.

Research conducted by Callender (2000) on the barriers to childcare provision found that the greatest obstacle for providers to running childcare provision effectively were 'costs' and the 'economic viability of provision'. Economic viability refers to the extent to which the business is generating enough money to sustain itself. Larger providers, providing for 31 or more children, were more likely than smaller providers to identify the economics of provision as an issue.⁸

Although this research by Callender is not directly about barriers to business skills training, it is relevant to note the impact of cost upon an organisation. Training is not always paid for and therefore can fall as an extra cost on the employer. Where there are a low profit margins and the organisation does not see business skills training as a priority, it is highly unlikely that the training will be taken up, as sustaining the business (paying staff wages and buying resources for the children) is the immediate short term goal. This is related to the issue noted above about a cause of business failure being the inability to judge future viability of the business effectively.

Of particular relevance to this research and this is project focusing on small early years providers, it was found in Callender's research that providers in the voluntary sector were

⁸ Callender, C (2000) *The Barriers to Childcare Provision* pp.74

also found to be more likely than those in other sectors to see costs as their greatest hindrance⁹.

‘Cultural’ perception of the importance of business skills training

The evaluation of Business Support Programmes by Osgood (2003) found that the BSOs working with voluntary childcare providers said that there is a high culture of grant reliance and that there was a need for a major cultural shift in the ways providers perceive themselves as having business skills. Respondents reported that the providers who were in most need of support and guidance were the most resistant to receiving it. It was also reported that the sector had a reactive approach to up skilling rather than a demand led one¹⁰.

The use of business terminology

It was also found that providers were averse to the use of business terminology and applying business terms to childcare provision. A quote in the report by Osgood highlights;

‘It’s an area a lot of people feel intimidated by; business planning; financial forecasting; cash flow analysis are all terms that put people off, so there is a desperate need to find a way to convince providers that it is as important as the kids’¹¹.

The evaluation also notes that private sector providers are generally more comfortable with adopting and appreciating more ‘commercially orientated’ styles of management whereas voluntary sector providers are less comfortable with this, as they see their role as making a more ‘altruistic’ contribution to the local community. The evaluation also found that voluntary sector pre-schools, playgroups, day nurseries and out of school providers did not consider developing their business skills a high priority since they felt overwhelmed by the need to meet regulations and requirements to deliver to statutory bodies.

Evidence collected through the sector interviews also highlighted that in a female dominated sector, it is quite common to come across the attitude that women feel they are not very good with numbers. This perception needs to be challenged and the confidence of the provider improved.

Amount of training available

The scoping interviews indicated that there is not very much training on business skills available in the sector. If it was made more readily available, this would support smaller providers to be able to access it.

Reforms and expectations made of providers by government strategies¹².

⁹ It is important to note that Callender’s research was carried in the year 2000. It excludes childminders and does not include children centre’s as they did not exist then. The providers it includes that are the most relevant to our research are day nurseries, play groups and out of school providers.

¹⁰ Osgood, J (2005) *Developing the business skills of childcare professionals: An Evaluation of the Business Support Programmes* pp.26

¹¹ *ibid*

¹² *ibid*

Administration can be a burden on upon smaller providers in the sector. With the requirements to complete monitoring information and provide this to funders and statutory bodies such as Ofsted, research found that this can put pressure on small providers in the way they divide staff time. Due to the organisation and structure of larger chain and private providers, they can sometimes find this easier to cope with whereas smaller providers have to make extra time to do this outside of providing childcare, which they see as their primary goal (Osgood, 2003). Callender's (2000) research also highlighted that statutory regulations and complying with them can sometimes be burdensome and take up any extra time available.

4. Findings from primary research

We set out below the findings from the primary research of providers and local authorities. The findings have been broken down by provider group as there are significant differences between the groups and this provides a more useful basis on which to design and develop future support. There are some findings which are unique to each provider group and there is also some overlap, in particular the common barriers providers can face when accessing business skills training.

The total number of representatives from each of the four sectors the research engaged was:

- 244 nurseries and pre- schools
- 190 childminders
- 36 children's centres
- 166 out of school clubs
- 17 local authorities

Recruiting providers to participate in the research from the four childcare sectors proved to be challenging. There was a high level of drop out at some of the focus groups and telephone interviews. The main barrier was getting providers to commit to taking part in the research. Due to the hours that they work and the level of uncertainty there sometimes is around when 'working hours' finish and start and when lunch breaks or 'nap' break start and finish, getting commitment and feasible timeslots was difficult. A number of potential participants refused to participate because they just couldn't commit the time. Several others booked in a time but then were not there or could not participate. The web survey was also re- sent a number of times to increase the response rate.

The difficulty in getting providers to commit the time for the interviews and focus groups demonstrates the challenge in encouraging providers to take up training. Because of the unpredictable nature of the work, committing their time can be difficult, especially if they are the only member of staff and looking after a number of children that will need attention at different times. This finding in itself has implications for future training and support, as providers can struggle to find staff cover and time to participate.

In the below findings, where the term 'respondent' is used this refers to data gathered through the interviews, focus groups or survey unless otherwise specified.

4a Local authority perspectives on business skills in the early years and childcare sector

As part of the research, 4Children invited local authority representatives around England to participate in an interview, either by telephone or in person, to provide a context for the business skills of early years and childcare providers in their areas.

Early years provider market

Most local authorities interviewed estimated an even split of third sector to private sector provision, with some having significantly more private sector provision but only one with noticeably more voluntary sector provision. The proportion of voluntary to private sector provision has not changed significantly in the last five years. One local authority specifically stated that they did not encourage voluntary committee run provision to set up due to the additional business management issues that can arise for voluntary committee run provision. Another local authority commented that there had been a drift towards private provision as some managers had “bought out” the setting due the difficulties in maintaining a management committee. A third local authority reported that some of their committee run provisions were now paying people to undertake some of the management administration in order to make committee membership less of a burden and therefore more attractive to volunteers.

Current issues affecting sustainability within the sector

Three respondents reported that changing local authority admissions procedures for schools were having an impact. As local authorities moved to a single point of entry for children entering reception, many nurseries and pre-schools were experiencing the knock on effect of fewer children staying in their pre-school or nursery for an extra term. One local authority noted that in the last school year around 80 settings lost up to £30,000 due to the change to a single point of entry into reception.

Three local authorities also noted that the introduction of the single funding formula had an impact, particularly where maintained nursery schools and classes were becoming more competitive in the marketplace.

Four respondents noted that the difficulties in recruiting and maintaining a strong functioning management committee was a significant issue for providers and made voluntary sector settings particularly vulnerable.

Another key issue for respondents was accommodation and utility costs which were both rising and it was felt were linked more generally to the difficult economic climate. Some schools and other landlords were reviewing leases and rents in the light of increased utility costs or the need to raise further income. Other accommodation issues included demountable buildings reaching the end of their useful life.

One local authority reported that group settings in their area had the highest level of vacancies that they had ever reported, with few three and four year olds coming through to fill vacated places. It was pointed out that while business skills are very important to ensure sustainability, some providers will fail simply because their occupation levels are too low with no foreseeable increase. Generally the providers who participated in the interviews and focus groups did not see this as an issue, though it may be an issue for other providers.

It was felt that strong relationships with parents can sometimes hinder the ability to be a good “business person”, i.e. make it more difficult to bring up issues of overdue payment etc

Other issues that were raised as significantly impacting sustainability were

- Failure to collect fees on time and cash flow pressures where the free entitlement funding is not paid until later on in the term
- Bad debts
- Trend among parents towards using just the free entitlement and not purchasing additional childcare on top of the entitlement
- Growth in informal childcare and decrease in take up of formal childcare
- Failure to plan financially
- Difficult economic climate with rising utility costs
- Staff turnover, including volunteers having to find paid work when partners lose their jobs
- Level of free entitlement funding
- Reduced availability of sustainability funding from the local authority
- Reduced other types of support from local authority leading to increased costs for providers
- Falling numbers of children in some areas
- Reduced level of support available through the childcare element of the working families' tax credit
- General concern over level of free entitlement and ability to pay a graduate leader

Defining business skills

One local authority comprehensively defined the business skills needed to successfully run a setting as follows:

“the ability to manage all issues affecting the business in a competent and effective manner. This would include HR management, recruitment, management of the setting, financial management, understanding finance e.g. cash-flow, understanding marketing, understanding debt collection and debt management, the ability to calculate and set fees, customer relations, stakeholder management, understanding government policy, understanding the local authority policy, understanding the local market, competitors and sector trends, the ability to deal with planning authorities. At times even basic ICT skills, support with spreadsheets and producing written documents is needed.”

Most respondents stated that basic business planning was still a key skill that providers needed to develop. It was felt that while many providers did produce business plans, fewer actually used the plans to manage the setting. More broadly, it was felt that the ability to think strategically and plan for the longer term future was a key skill that needed to be developed.

Several local authorities commented that many settings focussed on the practice side of the provision leaving the business management side as a much lower priority. Key business skills that local authorities feel providers need to have in order to be sustainable included;

- General business planning and financial management
- Ability to make breakeven calculations
- Legal structures for third sector providers and awareness of the roles and responsibilities of committee members

- Financial planning, including cash flow forecasting
- Market awareness, including competition
- Business management processes, to check that things are being delivered to plan
- Marketing & sales techniques and awareness (including elements of the “marketing mix” of product, pricing and promotion)
- Customer service
- Team leadership, team building and management, coaching and CPD skills
- Fundraising
- Employment and management skills and knowledge, including staff contracts, redundancy issues
- Performance management skills
- IT and data security

Support provided by local authorities

Support provided by local authorities was varied and much of it in a state of flux at present as re-structuring and changing budgets begin to impact. Few of the local authorities responding are still able to provide sustainability funding for settings when they needed financial support. Most, however, still maintained capacity to support settings with one to one support, web-based support and sometimes training programmes. Some local authorities had been able to maintain the Business Support Officer post, whereas others now provided business support as an addition to the role of the childcare development team or through signposting to other support provision. Support directly offered through local authorities included;

- One to one support with writing a business plan
- Undertaking business health checks and providing advice and recommendations
- Service Level Agreement with the local Council for Voluntary Service to support accounting processes
- Provider networks for mutual support and engagement
- Web-based support information and links
- Telephone response support

Other key points that local authorities wanted to make about support to providers were;

- Support tends to be fairly re-active to provider needs and often local authorities are unaware of who needs support until the provider reaches “crisis point”
- Training seminars and surgeries have been tried before but are often cancelled due to low booking numbers and turn turnout
- 1-2-1 tends to be the best approach to ensure engagement with and / or attendance of providers, but that the provider often prefers the person to effectively “do” the planning and forecasting for them
- Trust and personal relationships are key to being able to support providers successfully
- Less business skills support has traditionally been provided to childminders

- A lower level of support is available due to re-structures and changing budgets and this is leading some local authorities to put in place “tiers” of support depending on the needs of providers
- Some local authorities still have budgets to commission some external business support and / or training but this is not the case for most
- Most local authorities continue to signpost to other free support resources, such as CVS, Business Link, HMRC and ACAS
- Some local authorities have support contracts negotiated with organisations such as the NCMA and PLA
- One local authority intended to develop relationships with local banks to better understand what business skills support they could offer to providers that banked with them

Barriers to accessing business skills support

Local authorities felt that one of the key barriers to accessing business skills support was the cultural mindset of providers who prioritised practice, quality and regulatory issues but did not consider business skills to be an essential element of running a childcare setting. It was felt by many that the overall mindset had shifted somewhat over recent years as the market has matured and a greater emphasis has been placed on the importance of business skills and sustainability, but that there is still a long way to go. It was also felt that many providers are not very resilient should anything unexpected happen. There is not much depth to settings’ sustainability, and many are still considerably affected by changes such as staff leaving and maternity leave. Some respondents also felt that new providers coming in to the marketplace were slightly more interested in business skills development than older, more established settings.

Barriers identified included:

- The reality of competitive market place - private providers especially can be reluctant to share information
- Literacy and numeracy issues
- Providers are very unlikely to be prepared to pay for business skills support and / or training, as local authority provided “free” support declines
- Providers are reluctant to engage and ask for help, and might be too proud to ask for assistance

Effective practice in engaging providers

Almost all local authorities referred to the importance of trust and personal relationships between support staff and providers and this was felt to be key in ensuring successful engagement with settings.

Many local authorities felt that providers would prefer a one to one approach, but recognised that this may not always be possible due to changes in staff, structures and budgets going forward.

Several respondents commented on the need to talk about business skills and issues within the context of early years and childcare, thus making them more relevant to managers and staff.

One local authority commented that due to time pressures, support in the future would need to be more targeted. It was felt that there might be an opportunity for existing networks to provide a more generic forum for discussing and developing business skills.

Some local authorities already have considerable resources accessible through the internet, others felt that while some providers would access support and materials this way, others may not be ready, or have the skills, to do this.

Other key points include

- A stick and carrot approach to business planning often works, if you're lucky enough to have any funding / similar to offer as a carrot!
- Focus on what's in it for them and how it can make a difference
- Accreditation and CPD points can help to ensure interest in training
- It's important to try to follow up after people have attended training to see how it is being used and embedded
- An online resource package with links to other support available could be useful to LA staff as much as providers
- Self-assessment processes are helpful
- There is a need to wean certain providers off intensive support and handholding
- Intensive support in the short term, really getting to know a business, can pay dividends longer term as the setting grows in confidence in its business management skills and processes
- Specialists (such as employment law) are often popular, though it helps to understand the early years context
- Sometimes talking about leadership and management skills rather than business skills means that providers are more receptive
- Networks can be a good way of sharing good practice with a solution focussed approach – providers want practical solutions and support from like minded people
- It can help to use "won over" providers to persuade other providers to attend training / join networks etc (though the "usual suspects" are not always the best to encourage others to come along)

Gaps in provision and take up

Local authorities were asked whether there were any particular gaps in the provision of business skills support or any areas where additional support might be needed.

Leadership and management and the ability to plan and assess strategically was felt to be a key area for development by one local authority. Another felt that developing IT skills among providers was critical to ensure their ability to manage the business successfully.

Many respondents stated that while there is a good deal of financial forecasting support and materials, more may be needed.

Most local authorities felt that there was a need for additional targeted support for voluntary management committees, especially around roles and responsibilities and legal structures. Skills for Treasurers were especially mentioned as were the opportunities provided by social

enterprise development policies and Community Interest Companies. One respondent felt that it needed to be easier for providers to change their legal structure if required and transfer assets to the new structure with less hassle.

One local authority was keen that providers should be able to access advice and support on tendering and commissioning to enable them to take advantage of the opportunities presented by the changing nature of public service delivery.

When asked which types of business skills support providers take up least of or are least confident with, local authorities noted the following key areas;

- Financial management
- Marketing in its broadest sense, including research, marketing mix, sales etc
- Managing bad debts and debt collecting
- Strategic planning
- Booking-keeping support & training

Other support needs and styles

Local authorities were asked whether there was anything in particular that the private sector might be able to do to support some of the voluntary sector with their issues. In the main, local authorities felt that the key issues that were specific to voluntary sector providers were not really ones that private sector providers could help with as they were largely around committee recruitment and development, roles and responsibilities and legal structures.

Local authorities were also asked whether there were any particular types of support that might bridge the gap between successful providers with good business skills and those that need more support.

Some local authorities thought that mentoring support, or buddying, could work where more confident providers support those less confident with business issues, but that this would have a number of potential barriers, including time commitments, cost and competition issues. It was suggested that providers might be happier to work with other providers who were not in direct competition, or were in a different town or part of the county.

Local authorities were generally cautious about how effective mentoring might be but most felt that it was a possibility that could be explored, and might be particularly appropriate for childminders.

Children's centres might provide a vehicle for bringing providers together to enable mentoring or more networking. Most local authorities had some networks of providers in place to enable peer-to-peer discussions and support, though these did not always cover business and management issues.

Peer-to-peer training has been successful in the past using a provider that was particularly good at managing and collecting bad debts; this had been well received by other providers.

4b. Childminders

Sample size of group in proportion to childcare sector

According to a survey conducted by Lang and Buisson the second largest childcare provider type in England is childminders, which operate just over 22% of all childcare places in England^{13 14}. From our survey, we received 169 responses from childminders which totaled 27.6 percent of the total response rate. Three one-to-one telephone interviews were carried out with childminders who came from the South West, South East and North West regions. Two focus groups were conducted, one in the South East and one in the North West, which were attended by 17 childminders in total. All of the participants in these particular focus groups worked with children from deprived or challenging backgrounds.

Provider views and knowledge of business skills and support

Our survey found that just over half (55 percent) of childminders have experienced business skills training. There is a wide variance in childminders' attitudes and experiences towards business skills as part of their day to day work. Most respondents agreed that business skills were important to running the business but also said that they saw it as something that "we have to do" and viewed their roles as being delivering of a "service" to parents rather than a "business" as the "most important aspect is looking after the children above all".

Primary research with local authorities also found this 'cultural mindset' amongst childcare providers who prioritised practice, quality and regulatory issues but did not consider business skills to be an essential and core element of running a childcare setting, or the key purpose of it. However, a small number of respondents felt that they and their colleagues in the local area saw themselves as running a business first and foremost and saw themselves as in competition with other childminders;

"Other childminders are on a par with me – they're on top of the job with prices, got to have a set fee that comes across as professional... To a certain extent, I am in competition with other childminders – certain areas have certain price guides you can get cut out of market if you don't have similar hourly fee to those working in a particular area."

The findings from interviews show that there is a small proportion of childminders who do see themselves as a business, however a majority believe that taking care of children is the primary goal. Focus groups reinforced these findings where participants often spoke of a lack of confidence and knowledge of what to charge for. A result of this is that they simply do not charge for many things. At times, this approach is compounded by childminders not valuing themselves or the services that they are providing, in addition to fear and embarrassment of being perceived as 'greedy' or 'inappropriate' for charging higher fees. There was much agreement amongst childminders in the focus groups that parents often reinforced the difficulties they had with taking a more business-focussed approach, as they often do not pay fees on time or 'guilt-trip' childminders into absorbing unnecessary costs. One childminder commented:

¹³ The London Development Agency (2011) *The London childcare Market Research Series 5*, pp.30

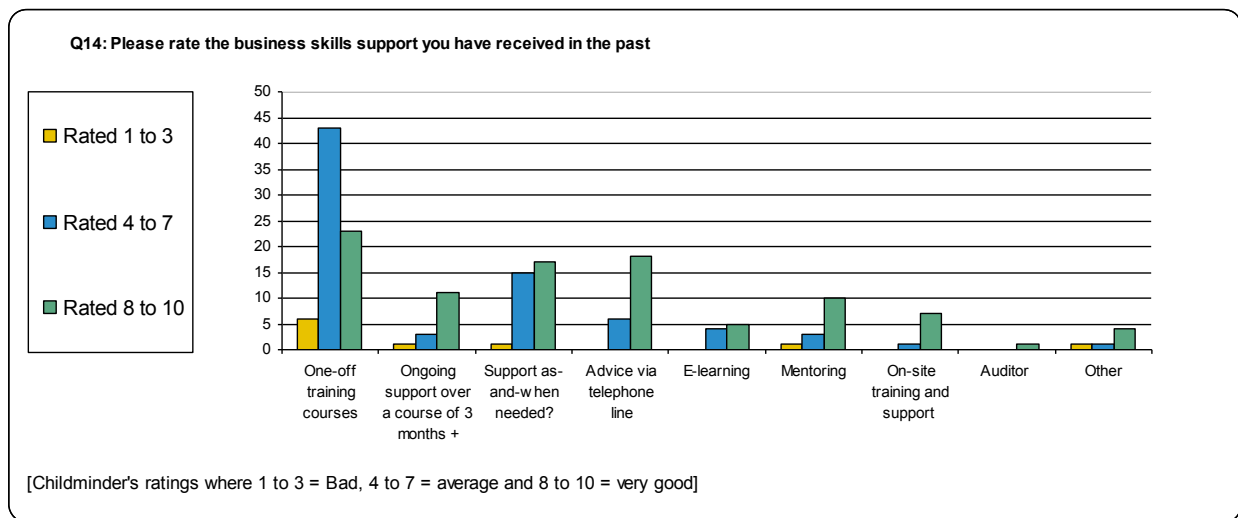
¹⁴ It is important to note that children's centre's as a category was not included in this research.

“Parents don’t see that you are running a business. But they can’t go into Asda and say, ‘Oh, can I pay you next week? I’m a bit short.’”

Experiences of previous business skills training

Out of the 55 percent who have experienced training, 44.3 percent of respondents took ‘one off training courses’, with 38.9 percent of respondents rating the ‘effectiveness’ of the support as good (7 – 8 on the scale¹⁵).

21.3 percent of respondents had also accessed support as and when needed, with 60.6 percent of respondents rating the ‘effectiveness’ of this as good (7 – 8 on the scale). The survey also shows that most respondents access business skills support either once a year (26.7 percent) or once every couple of years (32.2 percent). Ongoing support was rated most highly. The bar graph below illustrates these findings:

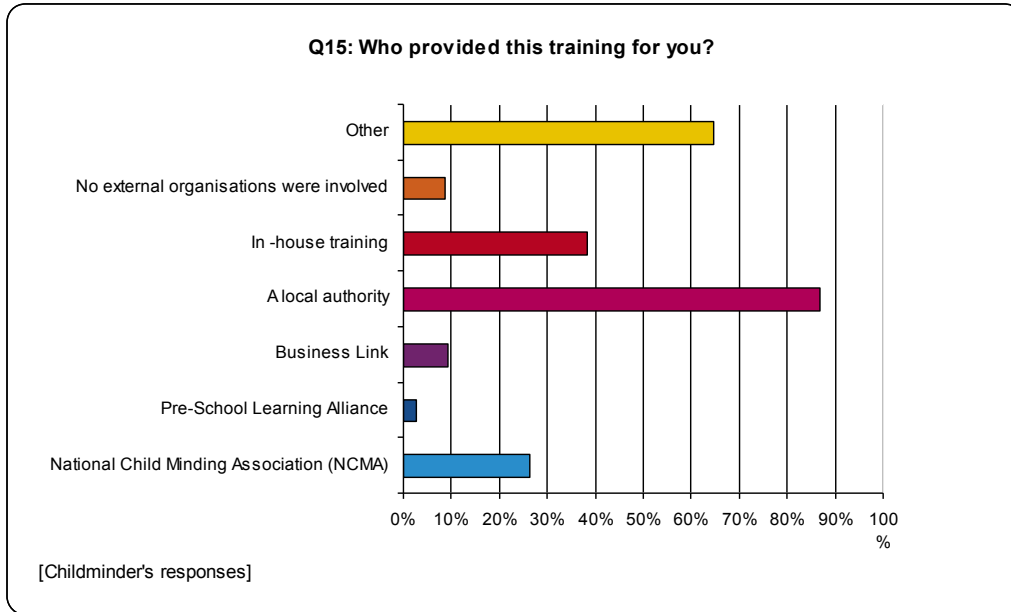


In providing feedback about previous training, childminders participating in the focus groups most appreciated gaining skills in relation to basic book keeping and business planning.

Training providers

The survey indicates that a majority of childminders (87 percent) received training provided by a local authority. 38.2 percent had received training in-house and 26.3 percent from the National Childminding Association. Further analysis showed that for the respondents that selected ‘other’, training had been provided by an accountant, Jobcentre Plus, Inland Revenue, Sure Start Centres and universities. The graph below provides a breakdown of these findings:

¹⁵ On the scale 1 = very poor and 10 = very good



Funding for training

When asked about how the training was funded, 55.1 percent of respondents had had training funded through the local authority, 40.4 percent said that it was free and 29.2 per cent had self funded their training. As described above, focus group participants overall felt that training should either be free or they should be paid to attend it. The graph below provides a breakdown of these findings:



Information

The most preferred method of receiving information about training was through the local authority (72.2 per cent) whilst 45 per cent of respondents would also like training advertised

more through their membership organisation. In addition, 36.1 per cent of respondents would like to find out about training through online searching or by receiving a leaflet.

Potential barriers to accessing business skills training

- **Time** is one of the main barriers reported by respondents which prevents childminders from attending training. The survey findings support this as over half (53.9 percent) of respondents were prevented from attending training due to lack of time and this was also supported in data collected through the focus groups and interviews.
- Respondents also mentioned that they can only attend training when it is on the weekends or in the evenings because of the **hours that they work**. The survey found that 30.6 percent of childminders who have never attended business skills training before said it was because 'don't have time to attend'. Focus group feedback reinforces these findings.
- The **cost** of the training course is also a barrier to attending. Childminders are self employed and therefore incur the cost out of their salary than through an 'organisation'. The survey also found that 55.7 percent of respondents are prevented from accessing training because it is too costly. One respondent mentioned the cost of training and how it can make childminders reluctant;

"I suppose a lot of people are reluctant to pay for courses – it's your own time. Childminders are reluctant if they've got to pay out of their own money."

- Respondents also mentioned that there is a **lack of transport** in a lot of rural areas which can prevent people attending training courses even when they would like to. In focus groups, childminders felt one of the major factors influencing their attendance of training was it being locally based and easily accessible.
- **Distance** of venues at which training is being held is also a barrier to people attending. In rural areas transport is not always accessible in the evening and can be costly.
- Out of the 44.8 percent of survey respondents who had not previously had business skills support 45.8 per cent any said it was because they '**didn't know where to go to access it**', and 24.6 percent thought that '**it wasn't necessary**'.

To overcome this, respondents to interviews suggested;

"Provide business training for lone-childminders and for childminders with staff as a separate course. [There could be] more local courses and evening courses or 9.30-11am (after and before school drop-off/pick up). A lot of training is 2-4pm, but this is school pick-up time"

"If childcare was provided it might be easier – I don't drive, a lot of courses are not nearby and I'm looking after children – if you're doing schools, pick-up and training – if they centralise the courses, hold them in the city centre rather than on the outskirts – I've often thought "I'd love to go on that" but I'm looking after children at the time."

Therefore, findings from the survey, focus groups and interviews suggest that **time, cost and distance** are the three key barriers for childminders in accessing business skills training. Being strategic about when and where the training is offered would then be a way of ensuring more people are able to attend. Survey data indicated that 20.8 percent of the people who have never taken up business skills training was because it was too expensive. Childminders tend to have lower than average earnings, and focus group findings suggest

that childminders would prefer to be paid to attend training, as well as maybe receive some kind of accreditation for it. Childminders in focus groups felt that they would need financial incentives to attend training because ‘time is money’. One childminder commented:

“It is a like it or lump it situation. A lot of the courses you have to go on, everything is your time. A lot of things you have to pay for yourself with no return.”

What business skills training do childminders want?

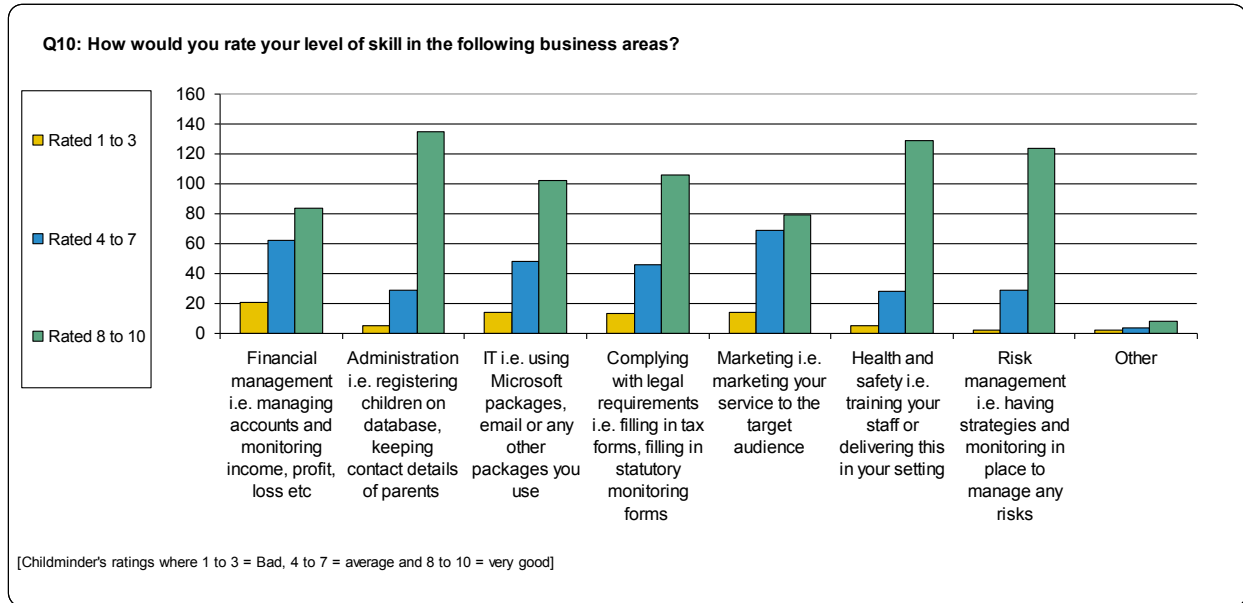
Childminders were asked what kind of training they would like, and where the gaps in current training are. Key responses included the legal requirements in regard to childcare and keeping records, doing tax returns correctly, how to manage and write a contract for the parents and managing bookkeeping well. Keeping in line with Ofsted expectations and other policy, legislation and guidance was mentioned by respondents as important in terms of previous training;

“Could have been a bit longer, needed a bit more focus on EYFS, what needs to be observed, reported and documented from Ofsted’s point of view, it needed to be more in-depth in this respect.”

Computer courses also arose as an important part of the running a business that childminders would like more support with. With increasing numbers of regulations requiring forms to be filled in on the computer or online, respondents felt that using a computer when not skilled to do this can be time consuming.

These findings were also supported by the survey data. The survey asked respondents to rate their level of skills on a scale of 1 – 10 on a range of business skills. The responses from childminders showed that the three areas in which childminders had less skills were in **financial management** (managing accounts and monitoring income, profit, loss) with only 15.6 percent of respondents rating themselves ‘10’, **marketing** (marketing your service to the target audience) with 12.3 percent of respondents rating themselves at ‘10’ and **IT** (using Microsoft packages, email or any other packages) with 23.2 per cent of respondents rating themselves ‘10’ in this area.

The skills that childminders rated themselves highly on were **administration** (registering children on a database, keeping contact details of parents) with 36.7 percent of respondents rating themselves at ‘10’ and **health and safety** (training staff or delivering this in their setting) with 30.9 percent of respondents rating themselves at ‘10’. The bar graph below illustrates these findings:



Respondents also noted that there is a lot of 'jargon' used online which makes it difficult to interpret legal requirement and government guidance, so support with this would be helpful.

Overall 29.6 percent of childminders rated their confidence in their own business skills at '8' or above. It is also important to note that 71.3 percent of respondents felt that they would not need training or support going forward and 70.3 percent thought that there are no gaps in the current training that is available.

In the survey, we asked childminders which types of support they thought would best meet their needs. They favoured one-off training courses (61.4 percent) and support as and when needed (56.6 percent). Another type of support that was particularly favoured by respondents was E-learning (49.4 percent).

In qualitative feedback to the survey, childminders felt that the top five areas where they would need training and support are **information technology** e.g. Microsoft Office, including Access and Excel, **accounts and tax**, e.g., returns, credits, voucher schemes, **book keeping** and **general financial skills**. These findings were matched by feedback from focus groups, where areas such as marketing and **communication skills** were also highlighted as key areas where childminders would like support. In terms of gaps in training, the survey showed that childminders would like more general ad-hoc support, and better information about what training is available. Accounts and financial management also featured top here as areas where there were gaps in training for childminders.

The 'ideal' training session for childminders

As part of the focus groups, providers were asked to design their 'ideal' training session, the output of which is below:

What would the ideal training session for childminders look like?

What subject would it cover?

Financial management, marketing and communications, using IT programmes, general administration, health and safety book keeping and especially tax returns e.g., a standardised template outlining all the things that childminders should charge for, and what they should put down as an expense.

Training needed to be contextualised to issues and challenges currently faced specifically by childminders.

How would it be delivered?

A combination of one-off workshops with other childminders and online tools and videos for e-learning. Possibly a network or helpline to provide follow-on and ongoing support and guidance on business issues. Some kind of forum allowing them to exchange information and practice on a peer-to-peer basis.

Who would deliver it?

Somebody with background knowledge and experience in childminding and business management. Possibly someone from central government or with a tax background that can advise on the ins-and-outs of tax returns, credits, expenses and vouchers schemes.

How long would it be?

Short courses delivered in an evening or over half a day balanced with ongoing ad-hoc support such as mentoring or a helpline.

Where and when would it take place?

Somewhere local to childminders, that is easily accessible by public transport. It should take place in evenings after 6pm and at weekends.

Cost?

No cost or incentivised.

Differences in deprived and affluent areas

We analysed the findings to test whether there were any differences in training needs between childminders in rural and urban areas. In the sample, the urban areas represented more deprived areas and it was clear that childminders working in these areas with children from challenging backgrounds are more likely to face a constant battle with money, since

more parents would be likely to be claiming child tax credit and therefore struggling to meet all their costs aside from paying the childminder. One childminder said:

'Sometimes I think I might as well just go back on income support, it's more of a regular income and it would save me the hassle of dealing with parents who can't pay. I wouldn't have to pay for courses and I would be able to see my own [children] more'

Specific issues for childminders

Overall there is an informal, non-business-focussed culture amongst childminders that is perpetuated by a combination of lack of confidence and skills, and parents' expectations and demands. These are often difficult to meet especially as they can put pressure on the finances of the childminder.

There is a lack of basic business skills and understanding of what business skills entail, which is reflected in the extent to which they face problems with forward planning and forecasting. Childminders also receive lower wages than average and work awkward hours, so timing, location and cost of training are key issues for this provider group.

4c. Children's Centres

Size of group in proportion to childcare sector

Children's centres were introduced by the previous government administration in 2005. According to an expert interview, there are 3,500 children centres in England. From the survey, we received 27 responses from children's centres which totaled 4.4 percent of the total response rate. One focus group was carried out in a deprived area of Inner London.

Provider views and knowledge of business skills and support

52 percent of respondents have had business skills training. The findings show that children's centre leads are very aware of training opportunities which are available to them both through the local authority and external courses delivered by charities or private training providers. Some respondents reported that there were Business Support Advisors employed by the local authority who are part of the children services team. In some areas the advisors provide support to childcare services by dividing the local area into geographical 'wedges' or 'blocks' and some hold monthly meetings to provide challenge and support to managers and also distribute staff.

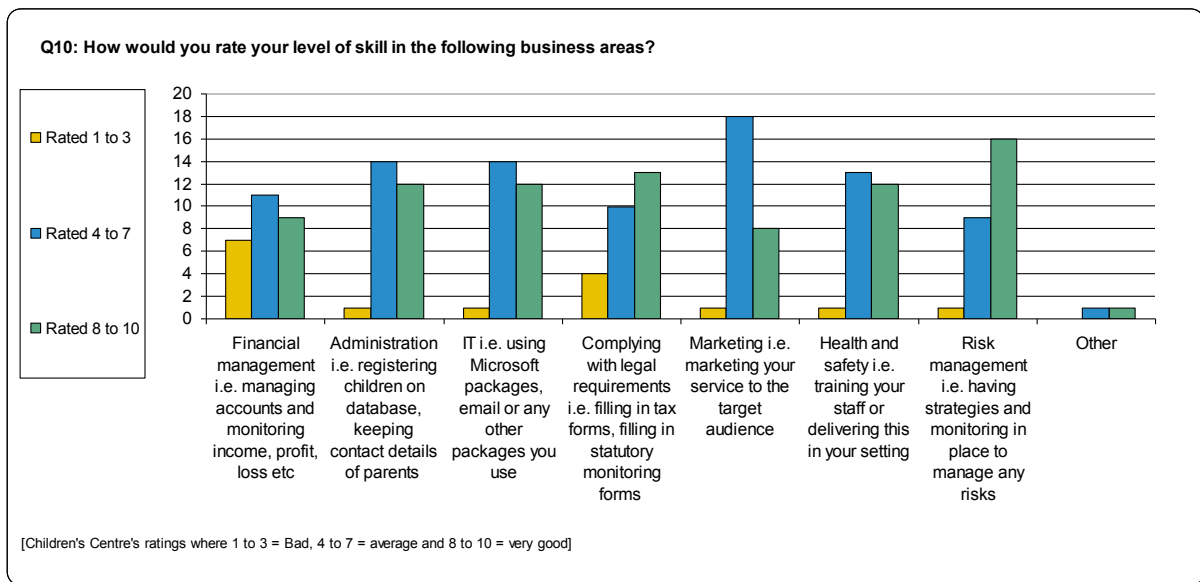
Children's centres see the business role as crucial to the running of the service. Many of the children's centres leads involved in the research had an allocated member of their management teams that was responsible for business and financial monitoring and development. They also recognised that their own skills could be improved in this area, firstly so that they are able to analyse the information business leads produce and also so that they could do some of that work themselves and reduce the reliance business leads;

"Definitely finance could be improved, I rely heavily on the business manager for his views – that's his profession, that's what he does. We do have critical conversations [about the budget for the coming year] and he'll ensure the legalities are correct. If I didn't have the trust in his competency the organisation would certainly lack with out him. We need the robust senior leadership team that we have. We rely on each for area of expertise and the business role is crucial in that"

Compared to all of the other provider groups, children’s centres are the most aware of the challenges ahead related to limited funding and having to plan ahead to ensure that the business will continue to be sustainable.

“[This is] definitely an area where we are recognising that you need the business skills need to think about what if the funding isn’t available. It has always been important but I think its kind of necessary now – we always knew that getting the children’s centre promoted was important and we always had budgets but we knew a time would come where outcomes would be measured more and need to be justified more and that we’d get less money from central government.”

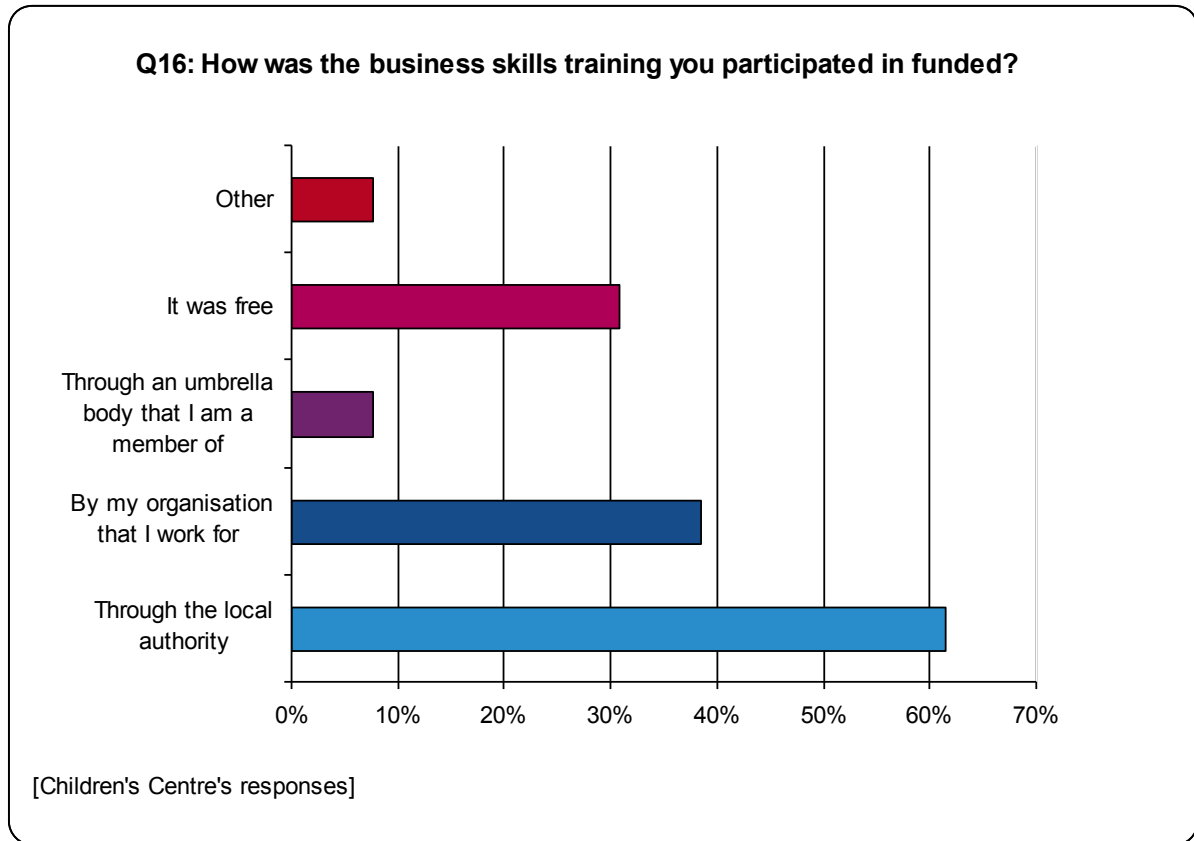
The survey found that financial monitoring is the area in which respondents felt they had the least skills, with only 3.7 percent of respondents rating themselves as ‘10’ and 11.1 per cent rating their skills at ‘1’. The chart below demonstrates this.



Experience of business skills support training

Survey findings show that children’s centre staff access business support more often than other providers in the early years and childcare sector with 41.7 percent reporting they access it ‘once every couple of months’.

Out of the respondents who had accessed business skills support, this has mainly been funded through a local authority (61.5 percent) or through the children centre training budget (38.5 percent). The chart below demonstrates this.



Information

Over two thirds (66.7 percent) of the respondents had heard about training through the local authority and one quarter of respondents through their membership organisation. Interestingly, 16.7 percent of respondents had heard about training though word of mouth. A majority of respondents would prefer to continue to hear about training through a local authority (65.4 per cent) whilst 38.5 percent would also like to hear about training opportunities through their membership organisation. Just over a quarter liked to be kept informed through leaflets and online searching (26.9 per cent respectively).

As part of the focus group which took place in an inner city area in London, children’s centre managers were asked about their experiences of previous training. Most of the participants had learnt business skills on the job, so were self taught through experience of working in different setting within the borough. Two participants had qualifications to NVQ management level. When asked about successful training they had participated in, participants focused on the subject and content;

‘It gave a good overview of the responsibilities of financial management....How to keep accurate records’

‘It covered support in weekly costing, managing finance books, monitoring over weekly and monthly budgets’

When asked about what wasn’t so good about the training and how it could have been improved a number of different reasons were given:

- The **target group** wasn’t right, so although the attendee was from a children’s centre it was actually targeted at private nurseries, and the training was about how to make a profit which was not relevant because they were from a not for profit organisation.

- People were at **different levels of skills and understanding** therefore the training wasn't useful for all; some people had been children's centre manager for a year whereas some had been managers for 10 years. The need and experience differed hugely.
- There was a lack of **balance** between 'too focused' and 'too broad': training was either too specific about financial management or too basic and broad.
- **Pace**; sometimes a lot of new concepts were crammed into one day

Potential barriers to attending business skills training

The survey found that 41.7 percent of respondents did not attending business skills training because other people within the organisation had already had training or knowledge in that area. Since children's centres are relatively large organisational structures with 30.6 percent of respondents reporting that their organisation consist of between 20 – 50 staff members it is more likely that there will be a specialist in business, so other members will not consider business skills as important.

When asked as part of the survey what would prevent respondents from accessing business skill support 68 percent said it would be **too costly**, 48 percent said it was due to **lack of time** and 32 percent said it was because they **did not know what is available**.

What business skills training do children's centres want?

When asked about the focus of business skills going forward participants were quite specific about their needs:

- Children's centre managers who were not the expert leads on business and financial monitoring reported that training on understanding **basic information** around budget forecasting would be important.
- **Understanding new government policy and legislation** effecting children's centres, because this documentation can often be very long and not always easy to understand:

"A lot of the legalities of what you can and can't do in line with government policy and how this impacts on us, information and about when and how we can use them, for example safeguarding – we need something to hand about this. With the focus on volunteers we need to be clear about employment of immigrants and those with workers permits so that we are employing people in line with the law"

Due to the different ways children's centre services are structured, with children's centres often jointly managed and physically based alongside schools and nurseries there can be more resources and a wider range of people to draw upon for information. For example, respondents mentioned that there is a selection of people in these settings available who provide advice and guidance on business, budgeting, financing and marketing. It is also important to note that 66.7 percent of the survey respondents said that there are not any new areas of business skills that they would need support with and 83.3 percent also said that there are no gaps in the business skills support that is currently available.

When asked as part of the survey what type of training would best suit their needs, two thirds (59.3 percent) of children's centre staff said that one off training courses would be best with the same number saying they would prefer to have **on-site training and support**. 48.1 percent felt that support as and when needed would also be preferable.

Designing the ideal training session for children's centres

As part of the focus groups we asked participants to design their ideal training sessions, the output of which is below.

What would the ideal training session look like (children's centres)

What subject would it cover?

Book keeping, marketing, report writing, reading and interpreting spreadsheets, understanding business jargon, record keeping, monitoring, forecasting, applying for funding, business planning, writing development plans and general IT skills.

Tailored for basic, intermediate and advanced needs.

How would it be delivered?

No real consensus but some preference for face to face work with an expert.

Workshop/seminar style lectures preferred, followed by on going one to one support and potentially peer support too. There was also a general (but not absolute) consensus that the training should *not* be online.

Who would deliver it?

'Someone with expert knowledge', either through the local authority, through a membership organisation or the private sector. Key factor is the level of knowledge they have of business skills, the local area and childcare.

How long would it be?

Participants were divided on whether the training should be local and short or over the course of several days, preferably a residential or *'half a day, every week over 6 weeks'*.

Where and when would it take place?

Some participants wanted the training to take place in the children's centre after working hours since it would be easy to access and local. Others preferred an outside location to provide a break from the stress of the job, to focus better and allow for people to think 'outside of the box'.

Cost?

Although all participants preferred training to be free, the maximum children's centres would be willing to pay is £150.00 and the willingness to pay would potentially be driven by who is delivering it.

Participants were asked about what would **increase the take up of training** and mentioned a number of things:

- If the training was nationally recognised, so either **certified** or contributed towards a **qualification** for children's centre managers. Participants said this would be particularly appealing because it would help them build a skills set, supporting overall professional development and skills that can be transferred elsewhere.
- Guarantee of on going **support post training**. This was so that participants do not feel they are left to implement new training on their own; getting peer or professional mentoring or support would be helpful, to act as a sort of external assessment.

- The way in which training is **marketed** can impact on the rate of take up. If the content is not clarified it will not attract the target group that need upskilling in that specific area.
- There was also a consensus amongst participants that a lot of people are afraid or have '*phobia*' of **figures, maths and number work** with one participant commenting, '*people will run*' at the sound of having to make a calculation. '*It is a lack of confidence and due to bad memories or experiences at school that people are afraid*'. To be able to counter this fear, participants said that training needs to be provided that makes you realise that you are able and that it is '*part of your every day job, its not an add on and its not always that hard*'. Participants also said that online training would not be the way to deliver on this topic, '*it wouldn't be effective because you don't even know if you're doing it right or not and you wouldn't be able to see how things are presented and ask questions about it*'.

Does this differ in urban and rural areas?

The key difference in childminder views in rural and urban areas is around the gaps in current provision. 100 percent of respondents from urban areas felt there weren't any gaps in the provision currently available where as only 50 percent from rural areas thought there were no gaps. This may be due to lack of awareness or accessibility issues, as found in the previous findings.

Issues unique to children's centres

The focus group with children's centre staff took place in an inner city local authority in London. All of the respondents were working in deprived areas with children from challenging backgrounds. Providers were concerned that the limited resources for training is impacting on the quality of staff working in the childcare sector. For example, there is wide spread concern about bringing graduates into the sector because of the lack of practical training graduates have.

"Graduates don't want to do the basic jobs, so you need to keep it vocational. In the childcare sector, you need more people who actually know how to look after and engage children"

This has an impact on centre managers as they are often having to do the work instead of their staff. Respondents highlighted this as a key issue, that '*the quality needs to be better, sometimes, you even come across teachers that can't read*'.

A unique issue also affecting children's centres is that the centres have had to join up with schools. Some children's centres felt they were no longer in charge of their resources and that headteachers now drive the direction and the control the resource allocation of the centre, rather than the centre manager. Centres also felt that headteachers didn't always understand the 'function' of the centre, and sometimes thought of it as a type of 'crèche' or 'back up' for the nursery or schools when help was needed. This can add pressure to the role of the manager and staff who therefore can further struggle to meet the demands of the school as well as the centre and the families who rely on it.

4d. Nurseries and Pre-schools

Size of group in proportion to childcare sector

According to a survey conducted by Lang and Buisson, the largest childcare provider type in England is full day nurseries, which operate just over 47% of all childcare places¹⁶. From the survey, we received 221 responses from nurseries and pre schools (36 percent of the total response rate). We conducted two focus groups with nursery and pre-schools providers, one in South East and one in the West Midlands, both in rural areas. In total there were 18 attendees. All of the participants who attended these focus groups worked with children from deprived or challenging backgrounds.

Provider views and knowledge of business skills and support

65 per cent of respondents from nurseries and pre schools had undertaken business skills training. Findings show that nursery and pre school managers understand the importance of good management, but not necessarily *business* management. This is either because they do not see it as their particular role as someone else within the organisation may be responsible for this, such as another member of staff or a business or finance manager, or because they don't view 'business skills' as anything different from their skills as a early years professional:

"Business skills are having knowledge of your children's field and expertise and experience in dealing with different situations. It's not so much about accounting and finance stuff but more about childcare and management skills, developing your employees."

Another respondent commented that although managers may see the nursery or pre- school as a business this does not mean that other staff members do;

"Owners and management committees do but lots of staff don't see it as a business. People on the shop floor don't. Most [nurseries] get a grant from the local authority so they don't have to charge parents, so there's no money changing hands, so people don't see it as a business."

Some local authorities employ business development and business support officers that support nursery providers in the area when they need this. Respondents' comments about the usefulness of this role were all positive. Respondents felt that when they faced any problems they were able to speak to the lead in their area, especially around any business skills support and also support with arranging any training.

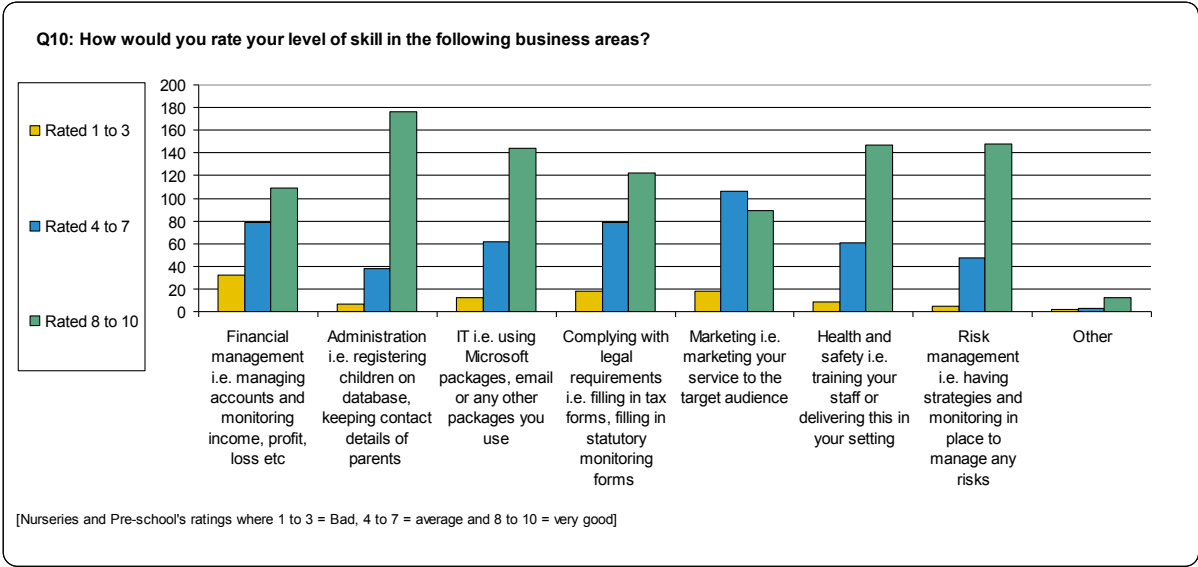
"I've got a Development Officer for my area who I would contact about training and then she would arrange this for me."

The local authority is the main source of information for nurseries and pre-schools in some areas, as it provides information on a termly basis to providers in the area through a training manual.

Experience of business skills support training

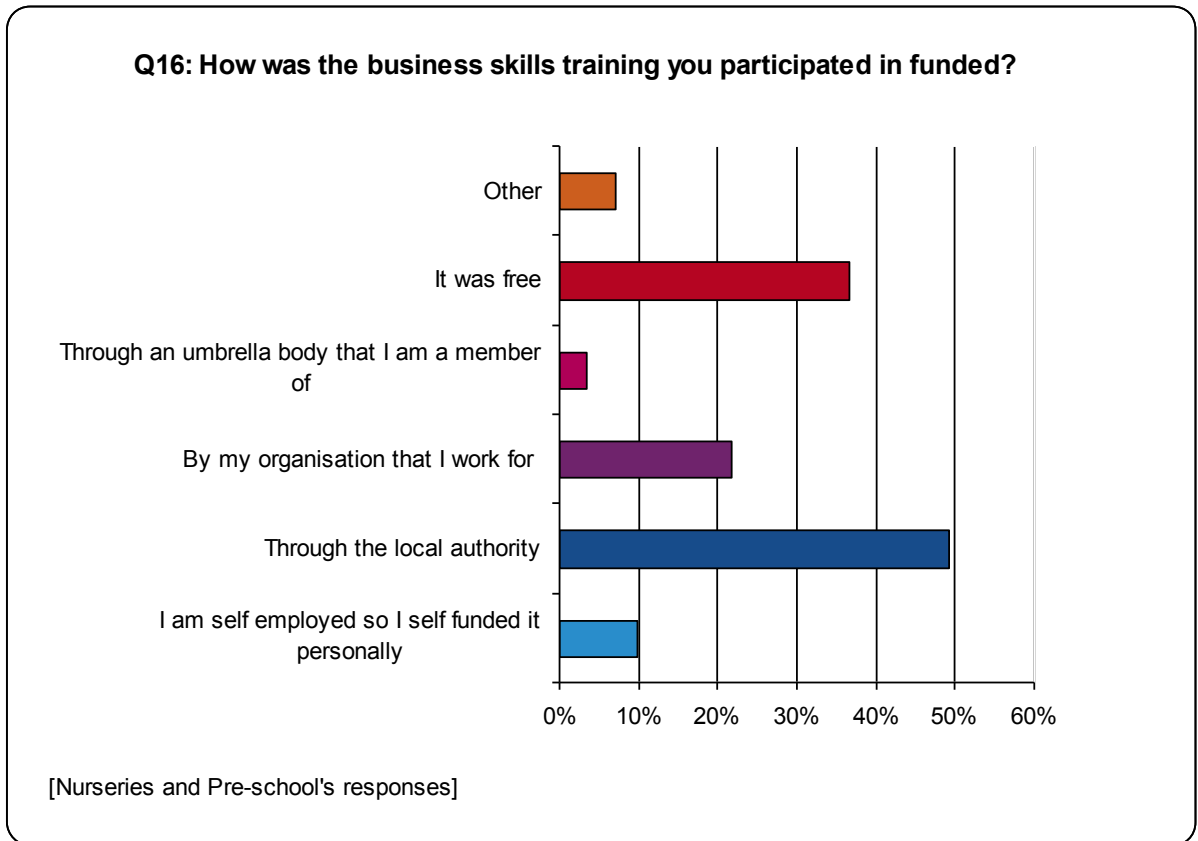
Nursery and pre- schools providers were asked to rate their skills in a range of business skills areas. The two areas in which the least respondents rated themselves as '10' were financial management with only 10 per cent of respondents rating themselves at 10, and marketing (11.3 percent of respondents rated themselves at 10). The chart below illustrates the full findings:

¹⁶ Ibid



Funding training

49.3 per cent of respondents had received training that was funded through a local authority and 36.6 per cent of respondents had received free training. 21.8 percent of respondents had trained through the organisation that they worked for. The chart below demonstrates this:

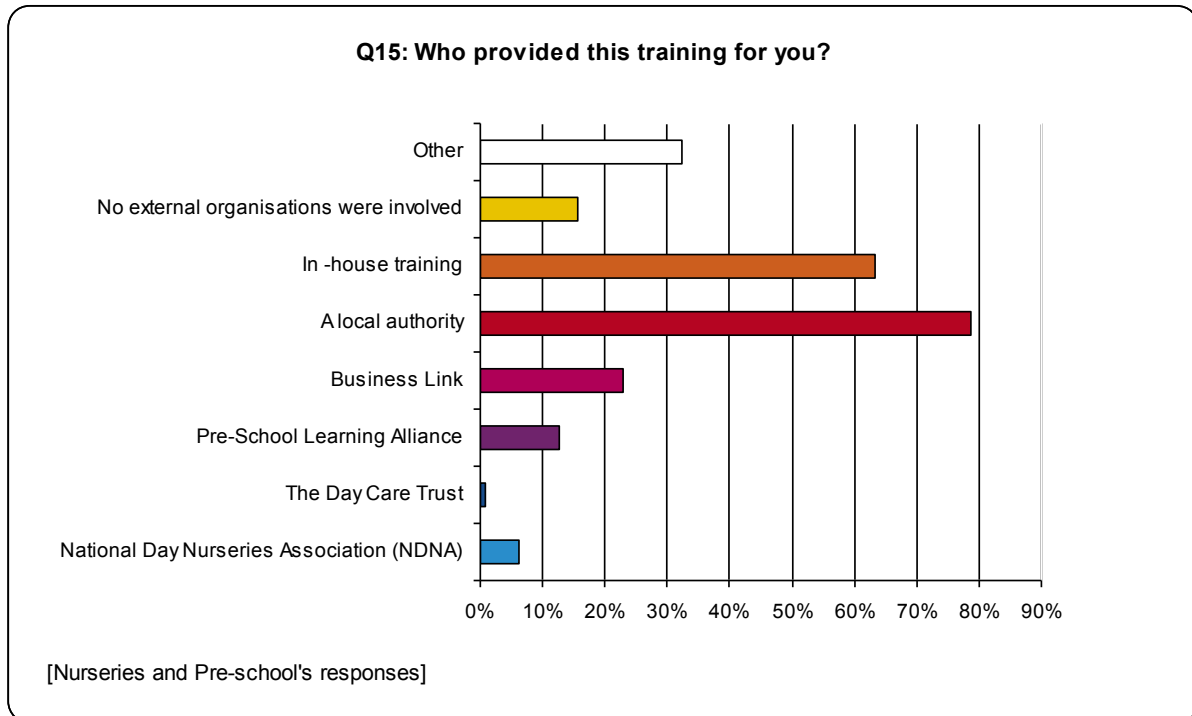


Training providers

Out of the respondents who had previously received training, 78.6 percent had received training that was provided through the local authority, 63.4 per cent had received in-house

training, 23 per cent through business link and 12.7 percent through the Pre- school Learning Alliance. Further analysis showed that where respondents answered 'other', training had been provided by a school, college, university or NSCL or an external consultant.

The chart below demonstrates this:



When asked how often business skills training had been/is accessed there was a mixed response. Out of the providers who had accessed training, 31.6 percent reported accessing it every year, and 23.5 percent once every couple of years and an equal 23.5 percent once every couple of months.

Potential barriers to attending business skills support training

Survey findings showed that the main barriers that prevent and would prevent respondents from accessing business skills support would be the **cost** (56.9 percent of respondents saw this as a barrier), **not having time to attend** (43.5 percent of respondents saw this as a barrier) and 30.1 percent said that **not knowing what was available** would prevent them from accessing training. The problem and cost of arranging cover, and distances to training venues were also cited as barriers.

Another reason given for managers not attending business skills training is because they think that they do not need it. Reasons given include because either they had already had training and gained the skills that they need, or they were able to draw on other resources to ensure efficient running of the business.

“I don't feel I need to attend training of business management, I have got a partner who did a degree in business management so I use him for any advice I require and we employ a HR company who look after any legal employment issues like contracts. It's not really my remit; I focus on care and education of the children”

Interestingly, one of the respondents mentioned that they had received support from the local authority to cover the financial cost of staff whilst another staff member was at university.

'When I did my degree I got support from Leeds City Council in terms of a grant so that I could employ someone for the time I was at university to cover.'

This support was only mentioned by a couple of other respondents, from private sector providers. This suggests there is a need for **awareness raising and knowledge about different types of opportunities** that are available to nurseries, particularly voluntary sector providers.

What business skills training do nursery and pre-school providers want?

We asked providers as part of the focus groups what their ideal training session would like, the outputs of which are below:

What would the ideal training session look like? Nurseries and pre school providers

What subject would it cover?

Book keeping, accountancy, ICT (including payroll, expenses, and excel), policy and procedures including legal requirements, budgeting, finances, time management, recruitment and selection advice.

How would it be delivered?

There was widespread consensus that training should be delivered face to face in workshop settings with local and on-going support provided afterwards. Participants were keen that this should be 'practical', 'interactive' and 'hand on'. Online support should also be provided for those that wanted it.

Who would deliver it?

An expert or professional in the field who could provide high quality support. There was no particular preference about whether this was some from a local authority or private training background. Knowledge needed to be specific to the childcare sector and for the trainer to be a source of advice and empathetic.

How long would it be?

Overall participants felt that it would depend on the course but some did have a preference for long weekly set block of training and some for short session spaced over a length of time. This was due to different learning styles and the extent to which people felt they could get cover at work.

'A couple of hours a week would be good so that you can learn as slow or fast as you feel capable. But it would have to provided over the maximum of a year'

Where and when would it take place?

All participants agreed that the training venue should be local because this would save on travel time and cost. A lot of participants cited specific venues such as local colleges, libraries and community halls. The also agreed that training would have to be either in the evenings or on Saturdays as these are the times they are available.

Cost?

The ideal cost varied. Two participants felt it should be free, and one participant said that training, whatever the cost should be subsidised by the local authority. Others were willing to pay from £5 or £10 - £15 a session and up to £600 if the course was a year long and

provided in a college.

Providers in deprived areas

Voluntary sector providers working in more deprived areas felt that more affluent areas would be better able to recruit '*better skilled*' people for management committees. There was a real problem for providers having to upskill new management committee members every couple of years, and for deprived areas being able to find enough skilled people to join the committee.

Working in deprived areas with children and families from challenging backgrounds presents particular challenges for nurseries and pre schools. The research found that business planning going forward can be hindered by parents **not paying the fees on time**. In deprived areas parents are also more likely to be in receipt of child tax credit and other vouchers which can be time consuming and difficult for businesses to cash in or wait for. To mitigate against this, one participant suggested;

'Get payments in advance, and turn people away who haven't paid'

The impact of this is increased when the cost of all things, including food, toys, mats, gas and electricity is not taken into full account in the nursery fees. Participants felt strongly that parents who didn't pay on time had a poor attitude:

'We don't go to Tesco, do our shopping and say "I'll come and pay next week"'

'We're a business not a charity'

When asked what could be done to mitigate against this situation participants said that it was more of an attitude change that we needed amongst providers;

'I don't understand that. If you know how many children you are cooking for that day for instance, then you know that you have a budget per child, you have a budget for things like toys. We have to budget for absolutely everything'

'If I wasn't earning any money for a couple of weeks, that would be enough for me to look into what was going wrong'

Issues which are unique to the nursery and pre school setting

One unique issue which is increasingly posing challenges for nurseries and pre- schools going forward is the **management committee** structure. Management committees are made up of volunteers that sit on a committee to manage the finances and overall running of the service. One participant mentioned that this is has become more of a concern over the last three years

'It's just that we've found over the last three years that its getting harder and harder to get people to sit on the committee. It's because people are losing their jobs and need an income, so don't have time to sit on the committee as well...they are nowhere near as willing as they might have been a few years ago, my nursery has been running for 20 years. That's why I've decided that we want to become a social enterprise, we just need someone there to run it'

The challenges going forward associated with the 'management committee' structure was also mentioned by a number of local authorities.

Participants also raised the issue the level of training that an **NVQ in childcare** provides. Many participants felt this was nowhere near the standard it needed to prepare people to work in a childcare setting and that the course content and level of qualification gained from this needed to be improved.

4e. Out of School Clubs

Size of group in proportion to childcare sector

According to a survey conducted by Lang and Buisson included in the London Development Agency (2011) report, out of school and holiday clubs account for 16.3 percent of childcare places in England. From the survey, we received 161 responses from out of school clubs which totaled 26.3 percent of the total response rate. Four one-to-one telephone interviews were carried out with out of school club providers who came from the regions of the South West, South East, London and the North West. One focus group was conducted in the South East to which two out-of-school club providers attended, one of whom worked with children from disadvantaged or challenging backgrounds.

Provider views and knowledge of business skills and support

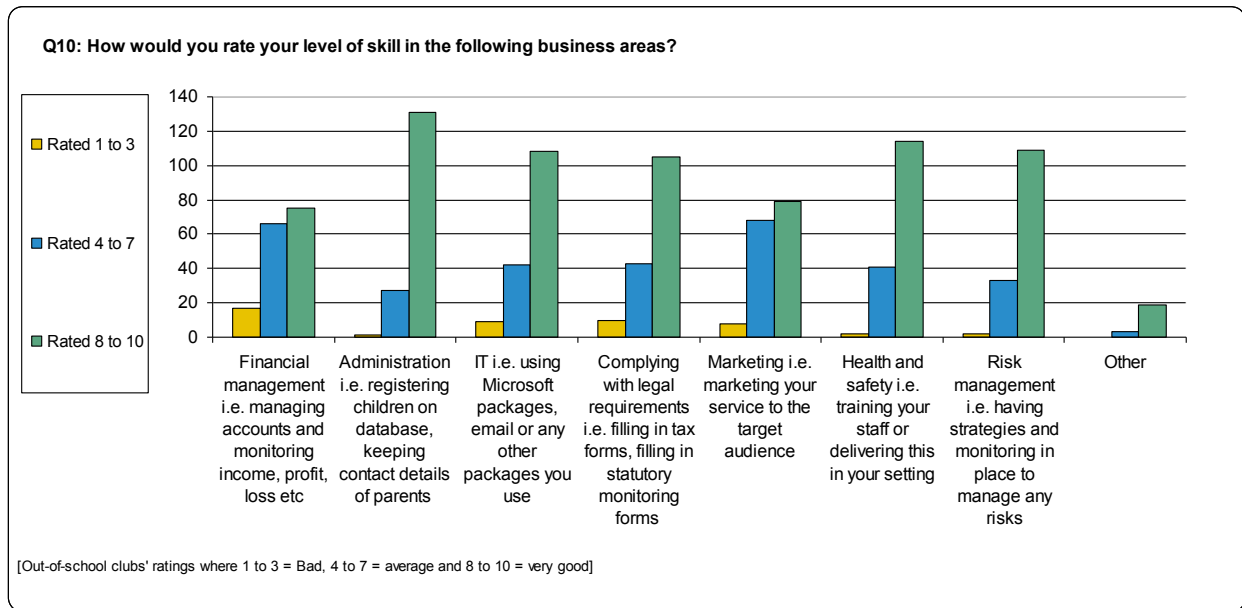
60 per cent of survey respondents from out of school clubs have had business skills training. Findings from our interviews with out of schools providers suggest that a number of the respondents have come into management and provider roles after spending a substantial amount of time in the sector ranging from 15 – 20 years and have therefore learnt business skills over the years. However it should be noted that only five out of school club providers took part in the provider interviews, so the interview data is based on a very small number of providers, who may not be representative of the sector.

Interviewees and focus groups attendees felt that having ‘good people’ with strong business skills knowledge was very important and crucial to the success of the business, as well as good business planning, accounts and profitability. Meeting Ofsted standards was also mentioned as a vital business skill to have, alongside meeting EYSF, legal and finance standards:

“I did used to go to meetings with the clubs as they weren’t sure what to do or where to go next about marketing and budgeting, unless you have good people behind you it wont work must have someone with business acumen or common sense there to keep things going.”

“My own personal experience – I was a user of the service then I joined the management committee – where management training was provided alongside other training, I took it up and with knowledge, experience and time you learn from what your taught and what you practice.”

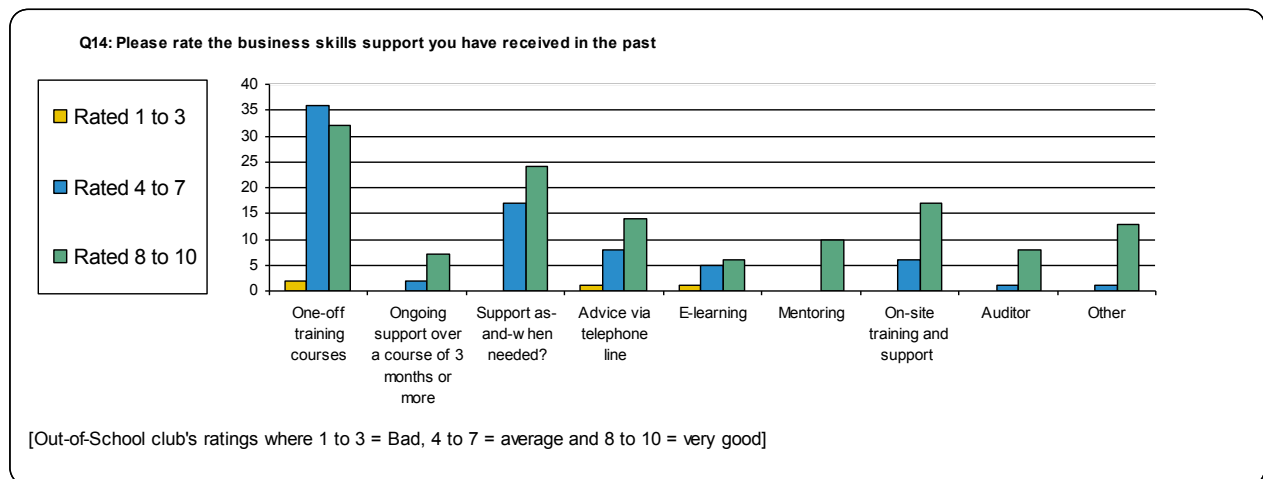
The survey findings show that out-of-school providers overall rated their business skills quite highly, for example, over half – 66.5 per cent – rated themselves between 8 and 10 for their skills in legal compliance. The area in which respondents rated their skills lowest was financial management yet still almost half of all respondents (47.5 per cent) still gave themselves between an 8 and a 10 in this area and a third (33.5 per cent) gave themselves between a 5 and a 7. To see some of these findings illustrated, please refer to the graph below:



Experience of previous business skills training

40 percent of respondents had not accessed business skills training before. 37.5 percent said that they had not taken up training because they didn't have time to attend, 34.4 percent did not know where to access training and 26.6 percent did not think it was necessary.

Out of the 60 per cent who have experienced training, the survey indicates that 33.1 percent of respondents have taken 'one off training courses' and that 45.8 percent of respondents rated the 'effectiveness' of the support as very good (8 – 10 on the scale¹⁷). The bar graph below illustrates some of these findings:



19.4 percent of respondents have also accessed support as and when needed, with 58.5 percent of respondents rating the 'effectiveness' of this as very good (8 – 10 on the scale). The survey also shows that most respondents access business skills support either once every couple of months (30.1 percent) or once every couple of years (28 percent).

¹⁷ On the scale 1 = very poor and 10 = very good

The five out of school providers that we interviewed a lot of experience of business skills that they had brought forward through their jobs, with some having professional qualifications in a business related area. These providers were also confident in their abilities;

“I work as an administrator, I’m a chair of a local sports and social club – I manage there. Through experience of my directors there, I have knowledge of legal, finance – I bring everything forward from there for what I do. If I get stuck, I go back to those directors.”

“One of the reasons I did my NVQ 3 – also done leadership management training. As well as safeguarding/first aid and everything.”

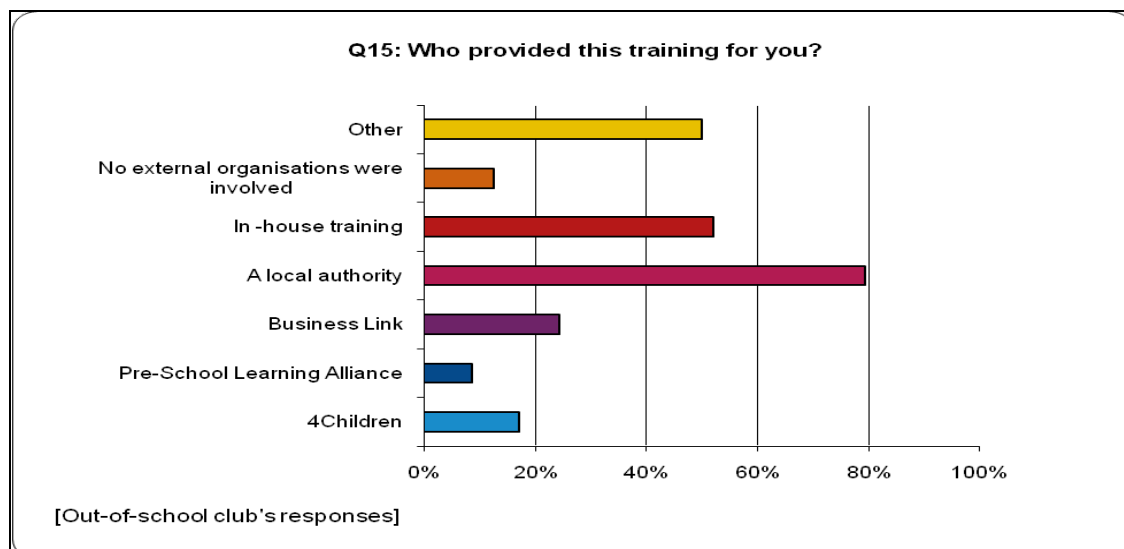
Other respondents recognised that out of school providers have had to develop more high-level, dynamic business skills, as one respondent commented;

“The organisation has been going for the last 42 years, it’s a charity, it’s community based, it’s third sector – over 21 years I’ve been involved there’s been a change in what’s expected – we’ve had to become more business like – where we were grant maintained by LA, were now part-funded, part commissioned. It’s about re-inventing ourselves to generate an income and how best to do that – services we provide or with building leased from local authority – looking at further partnerships – other boroughs as well.”

Training providers and funders

Out of the respondents who had previously had business skills training 79.3 percent had received some through a local authority, 52.1 per cent had received in-house training and 24.4 percent had received training through Business Link.

45.3 percent of respondents said they had received training funded by a local authority and 37.9 percent had received training for free. Respondents who answered ‘other’ said that they had received training from accountants, Play England, Guide Association Training, ILM, Inland Revenue, local CVS, colleges and universities. The graphs below illustrate some of this information:





Information

When asked how they became aware of the training on offer to them, 64.9 percent said they heard about training through the local authority, 24.5 percent through the membership organisation and 13.8 percent through word of mouth.

Potential barriers to accessing business skills training

Time and **distance** to travel were both main reasons cited by respondents as barriers to accessing business skills training. Providing training at venues which are nearby was seen as a factor in improving take up:

“To have Saturday workshops (for self), for colleague, have training somewhere that is easy to access and more localised – not necessarily in the city.”

Travelling long distances can also be inconvenient and thus costly;

“For a colleague, it is venues because they are not on bus routes or buses don’t connect them at the right time. Expensive to take taxis to and from venues.”

When asked what would or has previously prevented providers from accessing business skills support, 57.3 percent said it was because it was too **costly**, 41.4 percent said it was because of **lack of time** and 35 percent said it was because they **didn’t know what was available**.

The focus group and interviews suggested that cost was not seen as so much of a barrier by this provider group compared with the others. Respondents were willing pay more in order to get higher level business skills support, provided by a specialist. Courses not delivered by specialists, providing basic business skills support, or time-limited support such as one day courses, were not seen as favourable.

What training do out of school and holiday club providers want?

In the survey, we asked which out-of-school club providers which types of support they thought would best meet their needs. They favoured three main options: support as and

when needed (58.2 percent); one-off training courses (54.4 percent); and E-learning (43 percent).

Qualitative feedback from the survey showed that the top five areas where they felt they needed support were accounts, marketing and communications, managing employees, employment law and IT e.g. Microsoft Office, including Access and Excel. Another area that out-of-school club providers responding to both the survey and the focus group felt they would like *tips and tricks* in relation to fundraising.

In terms of gaps in current support, survey respondents who gave qualitative feedback felt that more general, ad-hoc support was needed as well as targeted support for individual types of provider. Another area where it was felt there was a need for improvement was the consistency of advice given with regards to business, in particular in relation to tax.

Ideal training course

What would the ideal training session for out of school club providers look like?

What subject would it cover?

Accounts, marketing and communications, managing employees, employment law, IT e.g. Microsoft Office, including Access and Excel, fundraising.

Support should be targeted support for their needs.

How would it be delivered?

General, ad-hoc support. It should be linked to a specific accreditation recognized by out of school clubs, such as license points for the Lawn Tennis Association (LTA).

Who would deliver it?

A specialist in the topic, such as an accountant or an academic.

How long would it be?

One of training courses or support as and when needed.

Where and when would it take place?

Locally, or somewhere that is easily accessible using public transport. During the day, late in the evening, e.g. from 7pm onwards, or weekends.

Cost?

Not too expensive, around £50 per session, or dependent on the expertise of the person delivering the course.

Does this differ between rural and urban?

There was a slightly higher take up rate of business skills training in urban areas compared with rural areas (66.7 percent compared with 45.8 percent). This may be due to it being more difficult to access training if in a rural area.

Specific issues for out of school club providers

Out of school club providers have similar business skill development needs as providers in the other sectors. Given the nature of their provision, they are likely to be more interested in potential accreditation from relevant sports organisations. They have similar issues around timing, access and cost as other sectors, though they appear slightly more willing to pay for training, particularly if it is from a specialist.

5. Conclusions and Recommendations

Conclusions

- There is clearly a need and a demand for more business skills training across the whole of the early years sector. Confidence in business skills is fairly low, understanding about business skills is variable and only around half of the research sample has ever accessed training.
- The culture of the early years sector has meant in the past that business skills are not as highly valued as the ability to provide safe and secure childcare provision. The attitudes and views of parents about the role of childcare, particularly nurseries and childminders has exacerbated this issue.
- There is a wide variety of business skills needs across the early years sector. Although the four sectors deliver similar provision, their set up, size and type of provider (private, voluntary, state funded) mean there are very different needs, both between the sectors and within the sectors.
- Childminders in particular have very specific needs; being self employed sole traders makes it more challenging for them to take up training because of cost, time and understanding of what they need and how to access it.
- Across all providers time, cost, distance and knowing what's available are the three biggest barriers to accessing training.
- Providers very much value the local authority development officer role.
- It is important that any training is tailored to the type of setting and the level of skills, and provided by people with an in depth understanding of the sector, the area and the issues.
- There are some settings that have business advisors or experts, particularly children's centres, and these might be seen as a resource for the rest of the sector in that area.
- There is a difference between providers who need 'basic' skills and 'advanced' skills training.
- There are accessibility issues for providers in rural areas.
- There do not appear to be effective peer support networks for providers, particularly childminders, and this might be something that local authorities or membership bodies could develop.
- Children's centres as group tend to be more advanced in their understanding of the importance of business skills than the majority of other providers. Out of school providers also have fairly advanced skills as they tend to have previous experience in the sector.

- Management committees of voluntary sector nurseries and pre schools were highlighted as a particular area where support is needed. More support and information on becoming a social enterprise might encourage providers to take this step.

Implications of the findings

4Children and the Social Investment Business will take the conclusions of this report into account when developing the programme of support. In addition, it is recommended that the following points should be taken into account when developing any future support to the sector:

- Support should be carefully tailored to the needs of the different types of provider, and be offered at different levels, perhaps basic, intermediate and advanced.
- Marketing and awareness raising will be crucial and the role of existing networks and social media to advertise the support can be vital.
- It is important to raise awareness about the need for business skills training. This will be particularly important for voluntary sector nurseries and pre-schools, and childminders and might be something that would benefit from a peer champion approach.
- The support will need to include a wide range of topics, at different levels of competence.
- Incentives to encourage providers to attend training are key, perhaps including some type of accreditation.
- Location and timing are crucial in encouraging providers to attend training, with weekends and evening being preferred. Free training is preferred and is recommended to ensure good attendance; some providers even talked about wanting a financial incentive to attend.
- On line provision without any other support is not likely to be sufficient to engage or upskill those most in need. A variety of types of support, including face to face support for those most in need, is required.
- Local authorities and membership organisations have key role to play in providing supporting networks, raising awareness of the need for training, and helping providers to access it.
- Providers that already have sound business skills, such as children's centres, could be incentivised to support smaller, less able providers.

Appendix 1 - Methodology

Selection of local authority areas in England for research

To gain a representative sample of the early years and childcare sector across England the strategy was to select local authorities for the research based on categories. We took a spread from across the nine regions of England; East of England, South East, South West, East Midlands, West Midlands, North East, North West, Yorkshire and Humber and London. 4Children selected a range of local authorities within those nine regions which were mapped against sampling criteria. The criteria included; whether the area was rural, urban or sub-urban, the population of the area, political representation, the type of local authority and the levels of deprivation based deprivation data provided by the local authority.

Local authorities were also approached by 4Children who already had contacts of the relevant local authority leads in the selected areas. This local authority selection formed the basis of the provider interviews, survey and focus groups.

Scoping interviews

To gather initial data about the different groups in the early years and childcare sector OPM contacted representatives from the relevant national umbrella bodies to conduct telephone interviews with. These were; the National Childminding Association (NCMA), National Day Nurseries Association (NDNA), 4Children, Together for Children and the Pre- school Learning Alliance. In total OPM completed 5 scoping interviews. Findings from these interviews fed into the document review and into the design of the provider interviews, focus groups and survey.

Document review

OPM conducted a brief document review though desk based research of relevant literature about the childcare market including its size, how it is funded, any difference between private and voluntary sector providers and the rate of business closure. The review considers what business skills support exists and the potential barriers providers in the sector might come up against when trying to access these. To conduct the search for literature the following search terms were entered into an internet search engine:

Search terms (used in combination where necessary)	
<ul style="list-style-type: none"> • Nurseries • Childminders • Children centres • Out of school club • Business skills • Early years • Sustainability • Childcare sector 	<ul style="list-style-type: none"> • Small early years provider support • England • UK • Barriers • effective practice • evaluation • gaps • long term

• Business support	• cost
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A total of 30 documents were found then sifted for relevance in line with the objectives of the review. In total 9 documents were included. This included academic literature, publications by umbrella bodies and grey literature such as media articles and unpublished data. The findings from the document review have been integrated into the final report.

Web Survey

A short online survey was developed to gain greater numerical representation of the views of those working in the early years and childcare sector in England. A link to the survey was sent via email to contacts from the local authority sample; in turn, they sent the survey on to their provider contacts to be completed. In addition to this, the survey was sent to the entire 4Children membership database. It was also sent to the National Childminding Association database and also went into the National Day Nurseries Association newsletter. Participants were given up to three weeks to complete the survey, with the deadline being 15th July 2011. In total, we received 613 responses to the survey.

Telephone interviews

Telephone interviews were conducted with 17 providers; 3 childminders, 6 nurseries/ pre-schools, 4 children's centres and 3 out of school clubs from 5 local authorities in England selected through the sampling exercise mentioned above. Local authorities were asked for nominations of providers if there were any they thought should be included in the research.

The five local authorities in which the telephone interviews took place were Brent, Hammersmith and Fulham, Dorset, Telford and Swindon.

Focus groups

In total 7 focus groups were conducted in Coventry, Warwickshire, Dorset, Guilford, Manchester and two in London. Each of the provider groups were covered with two group being run as 'mixed' with childminders and nursery and pre- school providers. In total we spoke to the below number of providers from each group:

Provider	Total number of participants
Childminders	17
Nursery and Pre- school	18
Children's Centres	5
Out of School Clubs	2

Each focus group was recruited to have at least 8 participants from each provider, but in some instances there was a high drop out rate. Each focus group lasted between 1 – 1 hour 30 minutes.

Local authority interviews

A selection of local authorities were invited to participate in a telephone interview about business skills of the early years providers in their area. 15 local authorities participated. Interviewees held a number of different roles, many were in a variation on the Business Support Officer posts. Others included Lead Officer roles, Childcare Development Officer roles and Training and Quality Officers. Interviewees held responsibility for a wide variety of services within the Early Years and Childcare field including business management, quality, training, data collection and management, sufficiency, financial and budgetary management, the free nursery entitlement, extended services, childcare for disabled children and children's centres.

In total, the interviewees represented;

- Over 500 out of school clubs
- Over 2,750 nurseries and pre-schools
- Over 4,500 childminders
- Over 140 specific holiday provisions.