



RESULTS:

The Parenta National Childcare Survey

The Parenta National Childcare Survey 2015



This has been a troublesome year for the Early Years sector already, with changes in legislation around Level 3 training causing the number of people entering and staying in childcare to drop significantly. Providers have also had to contend with the government's plans to introduce 30 hours free entitlement, with no apparent solution to tackle the current underfunding crisis. Despite these setbacks, nurseries continue to be committed to providing great childcare and are doing their best for children and families with the resources they have.

Digging beneath the surface, Parenta wanted to know how pre-schools, nurseries and other providers were faring in this difficult climate. We wanted to find out whether providing childcare in 2015 really is sustainable. So, we put together an online survey to find out.

We split the survey into 5 different sections, focusing on how providers felt they were doing **financially**, how they **dealt with paperwork, marketing their setting, managing their staff** and **engaging with parents**.

This report sets out the responses we received, as we head into August 2015.

Respondents to the survey

19% of the people who replied to our survey worked for a nursery chain, 2% identified themselves as childminders and the others said they worked for an independent nursery, pre-school or day care centre.

Top challenges faced

We asked providers what the top 3 challenges they faced were at the moment.

Unsurprisingly, **Free Entitlement** funding was the challenge stated most often (15%) by providers, followed by **recruiting quality staff** (13%) and having to deal with **lack of resources** (12%).

Providers stated that lack of support from their Local Authority was holding them back in many areas, including SEN. Being paid a low hourly rate and having too much paperwork to complete were also stated as frequent challenges faced by frontline staff.

What are the 3 greatest challenges you face in your childcare setting?

FE funding	15%
Other	14%
Recruiting qualified staff	13%
Lack of resources	12%
Staffing	8%
Paperwork	7%
Low wages	5%
Occupancy	5%
Ofsted	4%
Legislation	4%
Sustainability	4%
Late payment	3%
Training staff	3%
Time	2%
Utility costs	1%

Finances



Generating enough income to cover costs is a struggle for many providers.

Nurseries are forced to make up the losses caused by chronic underfunding by pushing up fees for unfunded hours, or for children below the entitlement age. With a typical shortage in funding of £800 per year for 3-4 year olds and £700 per year for 2 year olds, making sure parents pay on time is just half the battle.

Despite a rising cost base and lack of funding from local authorities, **60% of providers believed they would be on track to make a profit this year.**

However, 40% reported that they didn't know or didn't think they would make a profit.

Although trimming back on unnecessary expenses is crucial for any business, it has an increased significance for childcare providers - as lack of resources was the fourth most commonly cited challenge faced by those we asked. Despite this, 52% of providers admitted that they **weren't confident that their provision wasn't wasting money.**

Managing Late fees

When asked, the majority of providers knew how much money was owed to them by parents (88%). Although, **12% admitted they had no idea how much they were owed** on a given day.

More than half of respondents (54%) have had to write off debts from parents in the past 12 months. Interestingly, one provider stated they had no debts from parents because of their **“no pay, no play” approach to late fees**, although it seems that the majority of providers had a more lenient approach. Another provider stated that they were chasing £6,000 owed to them through a small claims court, with costs continuing to rise.

Reassuringly, **93% of providers said they do have a system for chasing people who owe money.**



Writing off debt

Writing off debt is always a last resort for any business, but sadly some providers have had debt escalate so much that they have had to write off large amounts. To the question “If you have had to write off any debt, how much did this total?”, 41% of the providers we asked gave an answer.

Staggeringly, the total amount of debt from those who responded was £113,659 in total, which **averages out at £2,991 per respondent.**

The lowest amount of debt written off by providers was £150 and the **highest amount reported was £12,000.**

Conversely, nearly **1 in 4 providers (24%) admitted that they were often chased by people they owed money to.**



Business costs

Business banking customers have a variety of charges applied to their account, from cheques paid in at branches to cash withdrawals. However, when asked the question, **only 59% of providers knew their average cost per banking transaction.**

This means that nearly **2 in 5 providers aren't sure exactly what their bank charges them** - which is key to helping stay on top of unnecessary and expensive banking costs. So, if it costs you money to bank a cheque, then automated direct debits could be a way to collect parents' money without the charges.

7% of providers said they regularly exceed their overdraft limit and 11% said they weren't sure whether they exceeded their limit. Exceeding your overdraft limit can often incur costly charges, which are an unnecessary strain on your business.



Fee management

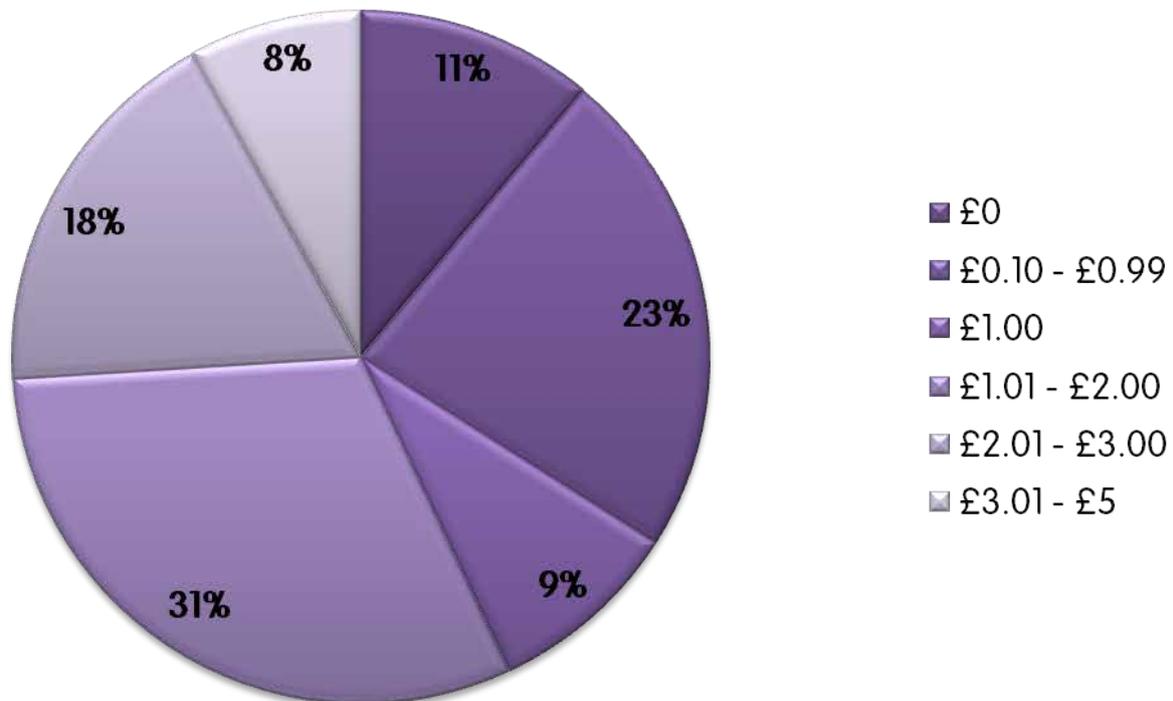
We asked providers **how often they increased fees** and the answers that were given varied considerably. One provider had increased their fees 3 times in the past 12 months and several providers said they've never increased their fees. One nursery reported that during the recession, they held their fees at the same rate for 2 years.

However, on average, providers **increased their fees once every 16 months.**

When asked by **how much** providers will be increasing their fees this year, 7 providers stated that they wouldn't be increasing their fees at all. 5 providers stated that they planned to increase their fees by £3.01 - £5.00 per day.

However, **the majority** (31%) who responded said that they were **increasing fees in the region of £1.01- £2.00 per day.**

“How much will you increase your fees by this year, per day?”



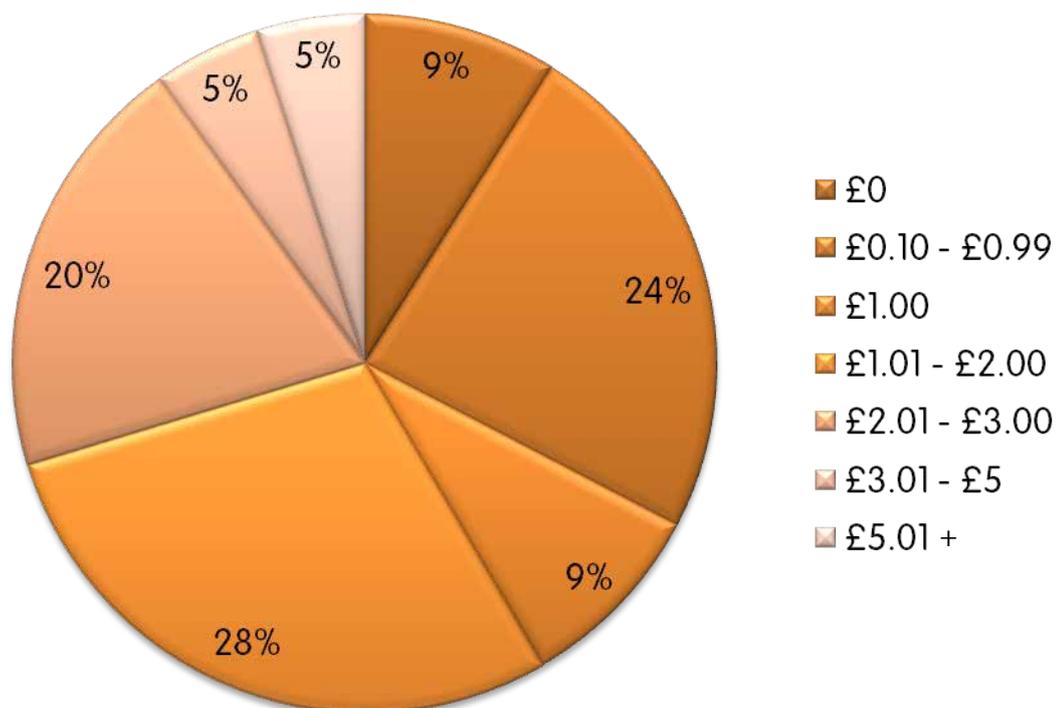
Our survey revealed that the most common age group that free entitlement was offered to was 3 year olds. The breakdown was as follows:

1. 74 providers said they offered FE to 2 years olds (79%)
2. 83 providers said they offered it to 3 year olds (89%)
3. 78 providers said they offered it to 4 year olds (83%)

Surprisingly, 11% of the providers who responded to the question “If you offer free entitlement, how much are you losing per hour per child?” said that they were not losing any money.

The majority of respondents (28%) reported that they were making a loss in the region of £1-£2.00 per hour per child.

“If you offer free entitlement, how much are you losing per hour per child?”





Admin

Getting invoicing right means precious time isn't wasted disputing back and forth whether numbers are correct and keeps your relationship with parents on a harmonious course. So, we asked providers if they knew how much time they spent on invoicing each month, and **19% admitted they didn't know**.

Of those who responded, **more than three quarters of providers (82%) were confident that their invoices were always accurate**.

However, only 61% of providers knew how much they spend on paper and printing, meaning that nearly 2 in 5 providers couldn't give an estimation of how much their business was spending in this area.



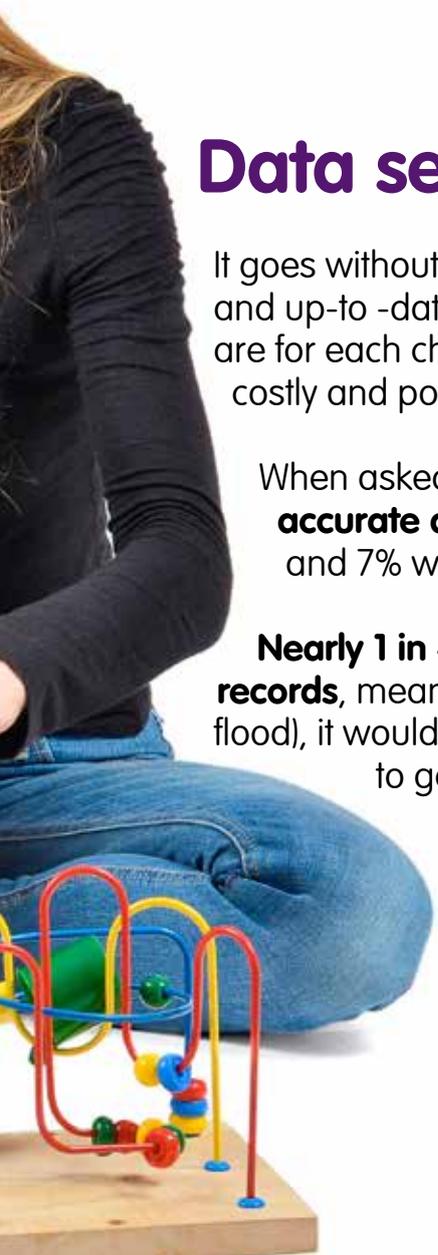


Data security

It goes without saying, how important it is to make sure child records are accurate and up-to-date. From things like allergies and medication, to who the main carers are for each child - every record needs to be as accurate as possible to avoid costly and potentially life threatening mistakes.

When asked, **83% of providers were confident that their child records were accurate and up-to-date** - however 10% admitted that they weren't confident and 7% weren't sure.

Nearly 1 in 4 providers admitted that didn't have a back up of all their records, meaning that if a disastrous event were to affect their setting (like fire or flood), it would be difficult to set up a temporary provision and take much longer to get back to business as usual.



The business as a whole

Without having an idea of how your business is performing, it can be difficult to gauge where you're heading. When asked, **only 75% of providers said they knew at-a-glance how their business was performing.**

Worryingly, **60% of providers said that they don't get alerted when staff qualifications and DBS checks expire,** meaning that potential gaps in safety could arise if this doesn't come to the attention of management on time.





Management software

More than half of providers (55%) said that they had management software in place.

When it comes to data security, if information is backed up on an electronic system like this it offers protection against physical damage and loss. **It also enables a lot of information to be kept in a small physical space** (if this is a constraint on your business) and makes it easy to find something at the click of a button rather than leafing through piles of paperwork.

Occupancy

When asked what occupancy rate providers currently had, the answers given varied: between 30% at the lowest and 100% for the highest. **The average occupancy rate was 80.24%, which is slightly higher than the rate stated in the NDNA Survey 2015.**

Marketing

Marketing is an essential part of keeping occupancy rate as high as possible and goes hand in hand with recording where new parents heard about your nursery, however, only **74% of the providers we surveyed said they recorded this information.**

The survey also revealed that **33% of providers did not keep track of which enquiries lead to parents registering their child** and 73% of providers said they didn't know how much each new enquiry was worth to their setting.

More than half of providers did not test different ways of marketing their nursery to new parents (57%) and only **1 in 3 providers (33%) knew how much money they generated as a result of spending money on a marketing campaign.**

Nursery website

In today's technology-driven world, advertising has moved online. When looking to buy a product or service, many people now turn to the internet to find what they're looking for. In fact, it has been reported that 1 in 3 parents first look for a nursery provider via a web search, so **having a functional and professional looking website plays a significant role in marketing your business.**

However, our survey revealed that only **57% of providers thought their nursery website was effective at generating enquiries from parents.** An additional 17% admitted that they weren't sure how effective their website was.

In the last four years, access to internet using a mobile phone has doubled, so making sure your nursery website is **mobile friendly is all-important for encouraging the flow of enquiries.** Adding a highly visible contact form for parents to book a showround is another important step you can take to keep occupancy rate high.

If filling places is still an issue or your website doesn't fulfil your setting's needs, consider having a new website created by a professional team. The right team can ensure your site makes a great first impression on new parents and does everything you need it to.



Staff Performance



Turnover

Nearly a third of providers (32%) said that they have lost more than 10% of their staff in the last year. This could be partly due to the GCSE requirements blocking many staff from progressing from Level 2 and causing them to leave the sector. With increasing demand across the industry for qualified Level 3's, high turnover could also be attributed to these practitioners having their pick of which employer to work for.

Gauging staff satisfaction is an important part of making sure turnover is kept as low as possible. Our survey revealed that **2 out of 3 providers had measured staff satisfaction in the past 12 months (67%).**

It's no surprise, given the changes in legislation around EYE, that the **majority of providers (63%) said they now struggle to recruit high quality and qualified staff.**

Staff performance and development

Our survey revealed that providers have a well trained workforce - as **9 out of 10 said that their employees who carry out administration and management roles in the setting have relevant qualifications** in their respective fields.

Knowing how crucial continual professional development is to practitioners providing quality care for children, a reassuring **83% of providers confirmed that their staff had attended a funded training course in the past 12 months.**

Setting objectives for staff is an important way to measure performance and progress in the workplace. Nearly half of providers (48%) said they drive staff performance and measuring outcomes based on the tasks they have asked their team to perform, however 46% said they didn't do this. More than **4 out of 5 providers confirmed that they held staff reviews on a quarterly basis (83%).**

Rewarding behaviour

Given the delicate balancing act of keeping expenses down in many nurseries, it's no surprise that **1 in 2 providers do not incentivise staff by rewarding their practitioners who perform exceptionally well.** However, 44% of providers confirmed they did in fact reward the members of staff they felt had exceeded expectations.



WOW! factor and customer engagement



Dedication and hard work go hand in hand with working in childcare; our survey revealed that **82% of providers had gone above and beyond what was expected of them by parents** in the past month.

Getting praise and recognition is not something that typically drives childcare practitioners into their chosen career, but **8 out of 10 providers (83%) have received letters of appreciation from parents in 3 months.**

Parent relationships

Parents are stakeholders in your business - after all, it's their custom which enables you to run your provision and care for children, so getting feedback about your service from them is really important. The survey revealed that nearly **two thirds of providers (63%) had run a parent survey in the past 6 months to find out what they thought of their service.**

Protecting that close relationship with parents pays dividends for the care of the child and the setting overall, and 88% of providers confirmed that they address every parent by name. The overwhelming majority of providers **(96%) said that parents were made aware of the progress their child was making on a daily basis.**

Finally, we asked: "Are parents given means and encouraged to make contact with the setting or their child's key worker?" This was the only question asked which had a **100% response** rate for **"Yes"**. It seems that all providers who responded to the survey encourage their parents to get more involved with the setting and their child's key worker.

Conclusion

Even in the face of challenging training legislation, rising business costs and chronic underfunding - it seems for now, at least, that childcare providers are coming out on top. This has been confirmed by the majority of providers (60%) who responded to our survey to say they're on track to make a profit this year, as well as an average occupancy rate being reported at 80.24%.

But there's still much work to be done. Our survey has also revealed that 1 in 5 providers do not know how their business is performing overall; just over half of providers are using management software to keep child data safe against loss and damage; and 17% weren't even sure their child records were accurate and up-to-date!



It doesn't need to be this way. Providers can help streamline their administration processes and keeping accurate records, by having the right management software in place. This will take the time pressure away from paperwork and put it back to where it's needed - the children.

Struggling to recover debt was another issue which providers raised, with more than half of providers reporting that they have had to write off bad debts from parents in the past year. Settings can take advantage of automated fee collection software to take away some of the hit-and-miss nature of being paid on time and help keep relationships with parents focused on the child.

Undoubtedly, the sector is at a tipping point. With 30 hours of free childcare on the horizon, it will be interesting to see how childcare providers are faring at this time next year and whether the nature of the problems they face will have changed.

If you have any questions, just drop us a line.

Email contact@parenta.com or call 0844 504 5504



Working together for our children

Call or email our training team about Parenta courses

0844 504 5504
contact@parenta.com

www.parenta.com

Parenta, 2-8 London Road, Rocky Hill, Maidstone, Kent, ME16 8PZ, Reg No 05249690