

Kids & Co Options

Budget Projections

Kids & Co at Borough Road	Year end deficit	£100,921
Kids & Co at Northwood	Year end deficit	£57,332*
Flexi childcare service	Year end deficit	£43,515
	Total deficit	£201,768

*This projection may increase to £214,763 due to anticipated increase in premises costs.

Staffing costs for Kids & Co at Borough Road	projection	£263,751
Staffing costs for Kids & Co at Northwood	projection	£233,604

Option 1

Merge both settings into one maintaining Kids & Co at Northwood as this carries the least financial risk and deficit. Maintain the provision as one which provides only two year old only provision in line with two year old expansion plans.

Setting has floor space for 36 full time equivalent children at any one time during the school day. Areas within the school have been registered to increase the numbers outside of schools hours. Access to these spaces cannot be guaranteed with use of space dependant on agreement with the school.

Two year old anticipated daily rate of £48.50
 = £48.50 x 5 x 36 x 38 weeks = income of £333,740 (figures based on achieving maximum capacity each session).

Staffing requirements 13.75 full time equivalent= approx £6040 a week x 52

Annual childcare staffing cost = £314,080

Additional cost for cook and admin £30,000

Total staffing budget £344,080

Supplies and services running costs £35,000

Total expenditure £379,080

Income £333,740

Expenditure £379,080

Deficit £45,340

- The figures are based on the setting being at full capacity each day which is unrealistic. If full capacity is not achieved the deficit increases.
- A two year old model is an expensive model due to adult/ child ratio and floor space requirements.

N.B If the setting considered a two year old grant funded model e.g. 36 children accessing 15 hours a week it would require 120 children on register to equate to 36 FTE (36 full time children = 1800 hours childcare sold each week. 120 children accessing 15 hours a week = 1800 hours of childcare each week). This would represent a large number of children age two years in one setting in the borough and not all the children could be accommodated by the school on transition .

The only way the numbers of children on register would decrease and bring in the same income is if some sessions were purchased in addition to the free entitlement or some places were reserved for children who were not eligible for two year old provision and may want to access a full time place. The selling of these places could not be guaranteed and are dependant on demand.

Option 2

Maintain Kids & Co at Northwood as a nursery that only takes children from two to four years with an after school and holiday childcare provision. This removes the most expensive provision which is that for babies under two who need larger space requirement and higher staffing ratio of 1:3.

Current 0-two years room is converted into a two-three year old room which can accommodate

- 12 FTE children age two years each day providing an annual income of £110,580

Large room becomes a two-four year old room which can accommodate

- Eight children aged two-three years grant funded providing an annual income of £73,720
- 16 children aged three-four years providing an annual income of £103,968

Total income £288,286

Staffing complement in line with Ofsted Daycare requirements:

One Manager, one Assistant Manager, one Senior Childcare Practitioner , plus seven Childcare Practitioners = ten FTE

Approx staffing costs of £4600 a week x 52 = £239,000

Cook/Administrator £35,000

Supplies and Services £35,000

Total expenditure £309,000

Income £288,340

Expenditure £309,000

Deficit £20,400

NB The figures are based on achieving maximum capacity each session which is unrealistic. If maximum capacity is not achieved the deficit will increase which is the likely scenario.

If only grant funded children accessed the provision it would require 28 full time two year old children. This would mean 93 children on register (28 children attending full time = 1400 sold per week, 93 children accessing 15 hours a week = 1395 childcare hours).

If only grant funded three year old children attended, the setting would require 53 children on register to achieve 16 FTE. (16 full time children = 800 childcare hours per week, 53 children accessing 15 hours = 795 childcare hours per week.

The only way to reduce numbers of children on register and achieve the same income would be to sell places that wrap around the funded entitlement or reserve some places for two year old children who are not eligible for entitlement and may require a full time place. The selling of these places could not be guaranteed and would depend on demand.

Potential to take additional children after school and holiday periods

Ten after school children each day would bring in an annual income of £12,160.

Eight holiday children each day would bring in an annual income of £9,648.

Total annual income £21,808 (based on current fees).

The amount of children is limited to floor space. The option above uses all of the floor space for the two-four year old provision. It would therefore be necessary to hire the school hall for school-aged children. Additional staffing could also be required. The cost for the hall and any additional staff could make the option of taking after school children unsustainable. Any funding from after school children could however make up the shortfall if the numbers of two-four year old children are not achieved.

Conclusion from options considered

- Maintain status quo and raise fees by at least 30% in an attempt to achieve sustainability. The increase could result in a reduction of numbers and mean that the service is not competitive, thus increasing the deficit.
- Maintain Northwood as a two year old only provision. This would require full capacity all year which would still carry a deficit of £45,340. The two year old model is expensive due to the high adult/child ratio (1:4) required by Ofsted regulation.

- Maintain Kids & Co at Northwood as a provision that no longer accepts children 0-two years and becomes a setting that only takes children aged two-four years. This option would rely on achieving full capacity each session and would still carry a deficit of £20,400. A fee increase would make little or no advantage to this option as majority of children would be receiving grant funding which is set at a fixed rate.

It is evident from all the options considered that sustainability is extremely difficult to achieve. Additional children does not automatically create additional income as staffing costs increase in order to maintain the necessary adult/child ratios.

Adult child ratios need to be maintained at full capacity for example:

- children aged under two years ratio 1:3
- children aged two years ratio 1:4
- children aged three-eight years ratio 1:8 .

Example

A two year old child attending full time generates £8,223.75 per year.

Adult child ratio for two year olds would be 1:4

Average annual staffing cost for one member of staff costs £22,302 for 37 hours.
Average cost to cover 40 hours =£24,110

Four children generate £32,895 income with a staffing cost of £24,110

Once ratio drops

Three children generates	£24,671 income with a staffing cost of	£24,110.
Two children generates	£16,447 income with a staffing cost of	£24,110.
One child generates	£8223 income with a staffing cost of	£24,110.

Evidence suggests that there are only limited times throughout the year when full numbers are achieved as children move on to school. Supplies and services costs would also need adding to these figures .

To expect the settings to achieve full capacity from 8.00am-6.00pm for 51 weeks of the year is unrealistic. Adult/child ratios have to be maintained and floor space requirements adhered to. The figures in the report do not take into account any staff sickness or maternity leave or any additional running costs.