**30hr Extended Offer Business Plan Workbook**

This guide is structured into 5 sections, each looking at the considerations and options we feel are necessary for preparing to deliver 30 hours of free childcare.

The activities we are undertaking today will assist you to complete the plan for your school.

**Context**

There is a new driver for schools to consider extended and more flexible early years provision through the new Government’s commitment to extend the number of funded early education hours available to working parents. From September 2017 eligible working parents will be able to access 1,140 hours/year (equivalent to 30 hours/week if delivered in term times only).

**Benefits to the child**

Flexible extended early learning provision in the school can more specifically benefit children through delivering:

* Continuity and consistency of high quality provision throughout the full day and across flexible patterns of use, creating a stable supportive learning environment and reducing the disruptions of patchwork childcare arrangements
* An age specific and, hence, improved out of core hours environment for younger children rather than being accommodated in pre and after school provision that caters for a wider and older age range.

**Benefits to parents**

* A flexible extended school offer enables parents to simplify the patchwork of childcare and costs that many face when they are working or studying
* It also streamlines logistics of drop-off and pick-up of children and, hence, removes additional stress and pressure from everyday routines
* Parents tend to trust a school environment and are reassured by the quality and standards of teaching and staff skills usually present
* Evaluation of the early education offer for disadvantaged two year olds found a positive impact on parent-child relationships when children attended good quality settings.

**Benefits to the school**

* Schools that offer extended nursery provision have reported measurable differences in the attainment and behaviour of the children who attend the nursery, particularly the more vulnerable
* A financially sustainable delivery model, built on knowledge of local family needs, can inform decisions about the school’s role, function and activities within its catchment area.

|  |  |  |
| --- | --- | --- |
|  | **Content & Structure of the Plan** | **Page** |
| **1** | Introduction to the school and context for the plan | 3 |
| **2** | Why extend hours in the nursery | 5 |
| **3** | Delivering the entitlement |  |
|  | 3.1 | Assessment of Demand | 6 |
|  | 3.2 | Project management & leadership | 8 |
|  | 3.3 | Getting the legalities right | 9 |
|  | 3.4 | Description of the provision | 10 |
|  | 3.5 | Creating a suitable environment-Link to conference on 31st | 16 |
|  | 3.6 | Management & Staffing | 17 |
|  | 3.7 | Financial Planning to support delivery | 18 |
|  | 3.8 | Communication & Marketing | 21 |
|  | 3.9 | Administrative systems to support the provision | 23 |
|  | 3.10 | Future planning | 24 |
| **4** |  | Risk Assessment | 25 |
| **5** |  | Appendices | 28 |

|  |  |
| --- | --- |
| **1.** | **Introduction to the school and context for the plan** |

In this section of your plan you may wish to include for example:

* Context about the nursery/school and the children who attend
* Context about the direction that the school wants to take nursery provision
* How the proposal to offer early education over extended hours and flexibly fits into the overall development including with other forms of childcare offered



As a group quicklist topics you may wish to include in this section:

Before any preparations for 30 hours of free childcare in September 2017, it is important early years businesses understand themselves.

A SWOT analysis is a useful tool to review strengths and weaknesses (or areas for development), and to look at opportunities and threats that exist.

This tool helps working out the starting position, before planning for change, growth or expansion.

|  |  |
| --- | --- |
| **Strengths** | * Things that are good about your business that can be improved or built on
 |
| **Weaknesses** | * Things that could let you down if they are not dealt with or resolved
 |
| **Opportunities** | * Areas that have potential for development. Things that could improve your sustainability, income etc.

For example, does the setting operate near an employer who works shift patterns or weekends? Could the setting open longer to meet this demand? |
| **Threats** | * The risk that could affect the success of your plan. Things that need to be prepared for, controlled or minimised).

For example, a new nursery or school already advertising 30hr provision which could raise competition locally. |

|  |
| --- |
| **For this exercise, identify at least 2 points for each of the SWOT areas.****You may wish to expand this exercise with colleagues at the school** |
| **Strengths** |
|  |  |
| **Weaknesses** |
|  |  |
| **Opportunities** |
|  |  |
| **Threats** |
|  |  |

|  |  |
| --- | --- |
| **2.** | **Why extended hours in the nursery?** |

For example:

* Increasing capacity and sustainability of nursery
* Maximising capacity in main school population
* Tackling issues arising from deprivation and other demographic factors in the school area
* Meeting parents’ needs for flexible and extended provision
* Streamlining drop off and pick up of children where there are older children in the school
* Establishing the school as a focal point for the local community

**Feedback your ideas to the group**

|  |  |  |
| --- | --- | --- |
| **3** | **Delivering the entitlement** |  |
|  | **3.1** | **Assessment of Demand** |  |

**Understanding the local market**

Understanding the local childcare market is really important when considering expansion, delivering places differently, starting something new, thinking about what is missing, or finding opportunities:

* What other childcare providers offer in the area?
* What flexibility choices can families get from other providers?
* When are they open from and to?
* What do they charge?

Understanding the fees being charged in an area is useful information for financial planning. Remember, all childcare settings will have different costs. Whatever is charged should be based on actual costs and expected profit, not on what everyone else in the locality is charging.

Once there is a clear picture of what is on offer in the local area, identify gaps in the market or opportunities, for example:

* If all providers are term time only. Can the setting deliver over 47.5 – 51 weeks?
* If no-one opens earlier than 8.00am and all provision closes at 6.00pm – Can the setting extend the day to reflect the new delivery model of 6am to 8pm? Is there demand?
* ****If there is a lot of term time and sessional provision – could the setting develop and offer a new before, afterschool and holiday care solution (wraparound) working with the sessional providers to offer families extended days and all year round solutions?

**Review: 30hr Childcare: Initial Ward Analysis**

**Identifying providers in your area**

**Ealing Familes Directory**

<https://www.ealingfamiliesdirectory.org.uk/kb5/ealing/directory/home.page>

Childcare Sufficiency assessment for the Borough is currently under review

|  |
| --- |
| **Question to the Group** |
| * Would it be useful if we organised information e.g. local provider list, in geographic areas (e.g. school quadrant areas or School catchment areas)?
* Are there other areas of data that would be useful for planning e.g. estimated population data for catchment area?
 |

**Understanding the needs of families**

Regularly take feedback from families to ensure services continue to meet changing demands. When thinking about delivering 30 hours of free childcare it is useful to consider the eligibility criteria and reflect on the needs of eligible working families

It is good practice to consult with local families including users and non-users regularly (at least on an annual basis) and really important when considering any change or expansion to ensure delivery models offered reflect their needs.

* Do I think I have families who are eligible?
* How do working families currently take their two-, three- and four-year-old free entitlements?
* How many of my funded two-year-olds may increase their hours from 15 to 30 in September 2017 when the entitlement is introduced?
* What other arrangements do working parents using my setting currently make if they need more childcare than I can offer?
* Will there be any changes in demand?

Market research with the families who currently use the setting, children in lower age groups and children on your waiting list will provide some of the answers.

Ask parents a question about eligibility when they first apply for a place, start asking families what they may need, this could give an early indication about future demand to support planning.

We have developed a Parental questionnaire which you can adapt to meet your needs.

****

**Review Parental Questionnaire**

**Do you want to also utilise online options e.g. Survey monkey?**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **3.2** | **Project Management & Leadership** |  |
| In this exercise, describe the Project Management and Leadership arrangementsAreas to consider: |
| Who will be leading on behalf of the nursery/school?  |  |
| Describe the team supporting the project manager  |  |
| How will financial and other expertise be provided? |  |
| Describe the involvement of the Governing body |  |
| Assess the capacity to deliver and how any shortfalls will be addressed |  |
| If there are any transitional arrangements to be managed describe how this will be done? |  |
| Other factors for consideration? |  |



**Feedback your ideas to the group**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **3.3** | **Getting the Legalities Right** |  |
| In this exercise, identify the legal considerations in delivering the entitlement  |
| Contractual issues for current staff, including caretakers, cleaners and catering  |  |
| Meeting EYFS staffing & space requirements  |  |
| Contracts with Parents/ Carers (particularly those with 30hr eligibility regarding grace period etc.) |  |
| Contract if working in Partnership with other providers |  |
| Governors Agreement |  |
| Other factors for consideration? |  |

**Feedback your ideas to the group**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **3.4** | **Description of the Provision** |  |

By following the previous steps we are gaining a better understanding of the needs of the parents and the strengths of the school and now it is time to explore how the school could meet the changing needs of families and offer 30 hours of free childcare.

In essence there are a number of options:

* Do nothing
* Increase capacity by expanding the business and increasing places
* Move from a sessional model to all day delivery
* Extend the day or extend weeks open beyond term time only
* Change the delivery model or routines to offer places differently
* If a school, commission a partner to deliver
* Work collaboratively with other local providers to offer parents the additional hours across a partnership model.

**Do nothing and continue to deliver exactly as you do now**

* The DfE estimates 42% of parents will be eligible for 30 Hours free childcare. Demand will be driven by local communities and parental choice.
* There will continue to be demand for the universal 15-hour model as part of a vibrant and healthy market. settings can and may choose to maintain the status quo and deliver the 15-hour model.
* It is important to have taken steps one to three when making this decision.
* Doing nothing is a choice, if a setting is unable to offer more, or has made a decision not to offer the extended entitlement.
* In any event being part of a partnership/collaborative model to offer parents choice and access to your services is an important consideration.

**Increase capacity to expand and increase numbers**

There are several ways you can expand:

* **Moving to new premises or extending existing premises**
* **Reconfiguring existing space.**

Settings may have opportunities to increase capacity without the need for capital funding. If there is existing unused space or access to additional space this can be a less expensive option for increasing capacity.

Before and after school space, community rooms and nursery class spaces are often only used outside of school hours – are there opportunities to develop multi-functional spaces to accommodate additional demand?

Sometimes taking time to reflect on how space is used can be useful and can lead to some creative solutions. Ask someone to come and take an objective look:

* If the largest room has a reduced occupancy and there is a waiting list for another – could things be swapped? Increasing occupancy, capacity and flexibility
* What space will we need to allocate for new activities related to offering the extended day? E.g. sleeping area and equipment
* Storage space - moving storage space to outside sheds or containers can create that little extra space needed
* Minor works to remodel existing spaces can relinquish a great deal of additional space.

**Reconfiguring the delivery model within existing space – extend the day or extend weeks beyond term time only.**

* Reviewing how the setting works will reveal the times of peak and lower occupancy. Identifying demand patterns can focus teams on filling blocks of time that are not yet reaching their full potential.
* There may be opportunities to increase capacity by opening earlier than 9am and later than 4pm.
* Opening on a weekend is another opportunity as there are many parents who work weekends and require childcare. The entitlement is not limited to week days only.
* Childcare sufficiency assessments, research reports and DfE parent surveys often highlight an unmet demand for childcare from parents during school holidays.
* This usually means a need for early learning, pre-school provision, throughout the year, rather than following the school timetable. By opening beyond 38 weeks, parents can be offered the opportunity to purchase more hours, or take-up 30-hours of free childcare in a stretched model using less hours a week for more weeks. Typically settings who opt to open for longer weeks open between 47.5 - 51 weeks of the year.
* This offers many more flexible options for the delivery of provision and parents’ access to it. Opening in the school holidays also opens up business opportunities to provide out-of-school childcare for older children.

**Reconfiguring the delivery model within existing space - offering places differently**

If settings are unable to offer 30-hours as standalone places, they should consider delivering a model better suited to the needs of working parents, and which maximises available income. One option could be to move from morning and afternoon sessions to include lunch as part of the entitlement, offering six hour days.

* Operating across the lunchtime period is an opportunity to deliver aspects of early learning around language and communication, these should not be viewed as simply childcare sessions.
* There are many different successful models of delivering across lunchtime. The 30 hours of free childcare entitlement: delivery model, Government consultation response, (November 2016) indicates statutory guidance will clarify government funding is intended to deliver free, high quality early education.
* Providers are already able to charge parents for discretionary items, such as meals, provided they are not a compulsory condition of accessing free Government funded entitlements.
* Early years funding from local authorities does not have to cover the cost of a lunch. Settings do not have to charge for services, but it is possible to do so.
* Charges will be based on individual premises and facilities, and what is possible.
* All aspects of the free entitlement should be free of charge at the point of use, no family should be compelled to purchase lunch or additional services. So, choices around where, and what food, needs consideration.

**Questions**

* Where will I serve lunch? Do I have a separate dedicated area, or will lunch take place in my main learning areas?
* What food will I serve? What are families’ preferences, hot or cold meals or a packed lunch brought from home?
* Do I have the facilities to prepare food or can I purchase meals from a school meal service or similar?
* Ensuring staff ratios and maintaining consistency for children needs consideration. How will I cover staff lunchtimes?
* Will I need additional staff or can I redesign rotas? Can I introduce new shifts to span the middle of the day to provide additional resource during lunch breaks?

**What can I learn from the established practice in full day care of using staggered lunch breaks used by full daycare providers?**

Stretching the free early education entitlement for longer than 38 weeks, offers children the opportunities of attending the same provider all year round without the need for purchasing additional childcare during the school holidays.

30-hours of free childcare from September 2017 may provide opportunities for settings to offer parents 22.35 hours all year round, rather than 30-hours for 38 weeks. Instead of having 30-hours each week for 38 weeks, a child could have less hours per week for more weeks of the year.

This is a consideration when thinking about paid for hours. Here are some examples:

|  |  |  |
| --- | --- | --- |
| **38 weeks (30 hours)**  | **47.5 weeks (24 hours**  | **51 weeks (22 hours)**  |
| 3 x 10 hour sessions  | 4 x 6 hour sessions  | 2 x 8 hour sessions 1 x 6 hour session  |
| 5 x 6 hour sessions  | 12 x 10 hour session + 1 x 4 hour session  | 2 x 7 hour sessions 1 x 8 hour session  |
| 4 x 7.5 hour session  | 3 x 8 hour sessions  | 3 x 5 hour sessions 1 x 8 hour session  |

**Work collaboratively with local providers to offer parents the additional hours.**

* A setting may not be unable to meet the differing needs of all families who may want to use it. Even if you are able to deliver 30-hours.
* Families may still require childcare services that are impossible for a standalone provider to deliver.
* This is where partnerships and new collaborations become a positive solution.
* Full daycare and sessional settings connecting up with childminders and other providers, such as out of school groups, can offer funded hours in new models and patterns of delivery. Not all will be new many these arrangements will mirror the existing solutions families use to meet their childcare needs currently. The additional 15-hours of funding offered through 30 hours free childcare will make childcare more affordable for parents. In partnerships where some providers cannot open beyond the traditional school day other partners will step in and extend the day and year as needed.

Establishing partnerships don’t just happen overnight, they need work, commitment and an open and honest approach to developing relationships, routines and trust. In any partnership or collaborative model the experience of the child, especially in terms of quality of provision, transitions and continuity of care must be of primary importance. There is learning available from the 4Children Early Learning and Childcare Hubs project

Independent mediation can help, as can a local authority, provider network, children’s centre, or other organisation to identify potential partners and broker relationships.

**Childminders within your Partnership**

Since 2016, childminders have been able to deliver up to 50% of their time from non-domestic premises, this offers new opportunities to collaborate with schools and other childcare providers.

As demand changes, childminders have new business opportunities with the potential to expand by employing assistants, allowing them to extended opening hours increase numbers and the flexibility of their model.

With 30-hours of free childcare, childminders linking much more formally with other group providers may unlock the barriers parents experience to find workable solutions for them and their children, especially for early mornings, late evenings and weekends. There are opportunities for children and families to benefit from both group settings, and a home based provision Children who have grown-up with their childminder since they were very young, can extend their learning by using some of their hours in a group setting; or children starting a group setting at two-, three-, or four-yeasr-old could use their extended entitlement with a childminder. It seems to offer the best of both worlds.

****Whatever partnership model is established, the Early Years Foundation Stage (EYFS), transitions, information sharing, and how partnerships work together ensure consistency and high quality early learning and childcare for each child should be the priority.

**Refer to document:**

**Family & Childcare Trust:30 hour mixed model partnership toolkit**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **3.4** | **Description of the Provision** |  |
| These are suggestions of the elements you may wish to include in ths section  |
| Opening times  |  |
| Flexibility of offer  |  |
| Details of Partners involved in delivery (if applicable) |  |
| Staffing ratios, qualifications and numbers and contingency planning for staff absence |  |
| If decisions not yet made, agree responsibilities and time scales |  |
| Other factors for consideration? |  |

**Feedback your ideas to the group**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **3.5** | **Creating a suitable environment** |  |
| These are suggestions of the elements you may wish to include in this section  |
| Sleeping arrangements & quiet spaces for those 3& 4 year olds who are on full days  |  |
| Getting the balance right between places for children of parents who can pay for additional hours and those who cannot  |  |
| Details of Partners involved in delivery (if applicable) |  |
| Other factors for consideration? |  |
| **Have you booked for the Conference on 31st January, which will be focusing on this area?**The 2017 early years training and development conference will contribute to this support and debate, by examining a different but very important aspect of the programme, focusing on the experience of the child in high quality provision.**Venue: Trailfinders, Vallis Way, London, W13 0DDDate: Tuesday, 31 January 2017 Time: 9.30am to 3pm**The keynote speaker and workshop facilitator will be Jan Dubiel, the National Development Manager at Early Excellence and works as part of the team to support early year’s practitioners and settings in all aspects of practice and provision. Jan has developed a national and international reputation as a conference speaker, consultant and trainer and he has written widely on different aspects of Early Years pedagogy. |

**Feedback your ideas to the group**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **3.6** | **Management & Staffing** |  |
| These are suggestions of the elements you may wish to include in this section  |
| Agreeing Management structures & processes  |  |
| Staffing levels and qualifications  |  |
| Recruitment process |  |
| Planning for staff absence |  |
| Accountability arrangements |  |
| Other factors for consideration? |  |

**Feedback your ideas to the group**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **3.7** | **Financial Planning to support delivery** |  |

Before plans for future change are developed, ensure there is clarity about the current financial position. Here are some key considerations:

* Do I know how much it costs me to deliver the free entitlements for two-, three- and four-year-olds?
* Is my budget based on planned expenditure and are our fees based on achieving this income?
* What do other local providers charge for similar services?
* Am I competitive?
* How much do I need to charge per hour, per session, or per day to cover all the costs associated with delivering the EYFS and early education?
* Is my fee structure based on a break even analysis and does it ensure a surplus or profit?
* How much surplus will I generate to ensure my long term sustainability or plans for growth?

**Ealing’s Proposed Early Years Single Funding Formula (EYSFF) 2017/18**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Maintained Nursery School | Maintained Nursery Class & Private Nurseries | Voluntary Nurseries , Pre-schools & play groups | Independent nursery classes |
| Base rate* Universal 15 hours &
* Additional 15hrs
 | £4.64 | £4.64 | £4.64 | £4.64 |
| Deprivation | £0.26 | £0.26 | £0.26 | £0.26 |
| QualityQTS | £0.26 | £0.26 | £0.26 | £0.26 |
| QualityEYPS | £0.22 | £0.22 | £0.22 | £0.22 |
| Base rate + QTS = £ 4.90 (currently £3.96)Base rate + QTS + Deprivation = £ 5.16 (currently £4.17)Deprivation is a mandatory supplement. This will be allocated to 25% most deprived postcodes linked to IDACI (Income Deprivation Affecting Children) |

|  |  |
| --- | --- |
|  | **Supporting Children with Special Educational Needs** |
| **Disability Access Fund** | If a child is in receipt of disability living allowance they will receive a one off payment of £615 pa (this is the rate for 2017/18 and the value may change per annum) |
| **Inclusion Fund** | An element of the Inclusion fund (£500k) has been made available to assist providers with additional costs.The details of the fund and application process will be available shortly |
|  | **Incentive to provide 30hr places 2017/18** |
|  | There will be a one off fund of £450k in 2017/18 used to incentivise and implement the 30hr programmeThe details of the fund and application process will be available shortly |

**Financial Modelling tool**

The DfE commissioned the Family and Childcare Trust to develop a financial modelling tool for schools which is designed to:

* Permit financial planning throughout the years
* Allow a school of nursery to reach broad conclusions about unit charges
* Inform their future financial planning for sustainability and charging policies

****

* **Review Documents:**

**Supporting families understand what support is available**

Supporting families to understand what support is available to reduce the cost of childcare, above the funded entitlements, is really important as part of supporting realistic fee structures. Tax free childcare, Universal Credit, childcare vouchers and other bursaries are all ways families can reduce childcare costs.

Funded by the Department for Education (DfE), the Family and Childcare Trust has produced a really useful flyer which is aimed improving knowledge of childcare entitlements and subsidies to support information to prospective and current parents and increase access to childcare and the early education.

**Review Documents:**

* **Help with Childcare Costs-for working Parents**
* **Tax Free Childcare Toolkit**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **3.7** | **Financial Planning to support delivery** |  |
| These are suggestions of the elements you may wish to include in this section  |
| Identifying set up costs  |  |
| Getting an annual revenue budget including occupancy planning  |  |
| Calculation of breakeven point and charges (including decisions to subsidise places |  |
| Other potential sources of funding or sponsorship |  |
| Is there any capital investment necessary |  |
| Other factors for consideration? |  |

**Feedback your ideas to the group**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **3.8** | **Communication and Marketing** |  |

Once implementation has started, focus attention on ensuring occupancy levels are high, the business is breaking even, and working towards a surplus/profit.

Use the market research to inform the design of information and marketing messages for parents:

* Support families’ confidence in using childcare
* Ensure staff understand how parents can reduce the cost of childcare above the funded entitlements
* Consider cultural perceptions and how partnership working can be promoted to ensure positive attitudes towards all different types of provision, including childminding:
* Increase awareness of the flexible services on offer to reduce myths and stereotypes

**Top Tips**

* Ensure marketing materials, any online advertisements, and web pages state clearly what flexibility options are offered, move beyond factual statements about opening and closing hours and days.
* Ensure messages make it clear to parents there is no requirement that early education places/free childcare be delivered over 38 weeks of the year only, or in line with maintained school term dates. Know where to signpost a parent if the setting cannot deliver the model that meets their needs or demands.
* Parents may need support to navigate information so they can work out how they can use their entitlement across partnerships and collaborative models.
* Ensure the setting’s website and promotional literature has links to local authority information about additional support for brokerage.
* Consider placing links to national and local information about the entitlements on the website and in the prospectus.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **3.8** | **Communication and Marketing** |  |
| These are suggestions of the elements you may wish to include in this section  |
| Communication to all stakeholders including staff |  |
| Communication of offer, admission criteria and expectations of parents |  |
| Partnership working protocolsPartners identified, working arrangements agreed and protocols in place where needed |  |
| Role/ adaption of website and use of social media |  |
| Other factors for consideration? |  |

**Feedback your ideas to the group**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **3.9** | **Administrative systems to support the provision** |  |
| These are suggestions of the elements you may wish to include in this section  |
|  Assessment of the extent to which existing processes will support future requirements |  |
| Preparation of a plan to make appropriate changes |  |
| Additional IT considerations for the 30hr offer |  |
| Implementation of the plan to effect changes  |  |
| Other factors for consideration? |  |

**Feedback your ideas to the group**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **3.10** | **Future planning** |  |
| These are suggestions of the elements you may wish to include in this section  |
| Keep on top of demand and supply |  |
| Step expansion of extended offer hours |  |
| Planning for extending the range  |  |
| Planning for year round provision |  |
| Other factors for consideration? |  |

**Feedback your ideas to the group**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **4.** | **Risk Assessment** |  |

A risk management plan and a business impact analysis are important parts of your business continuity plan. By understanding potential risks to your business and finding ways to minimise their impacts, you will help your business recover quickly if an incident occurs.

## Ways of identifying risk

Once you have a clear picture of your business, you can begin to identify the risks. Review your business plan and think about what you couldn't do without, and what type of incidents could impact on these areas. Ask yourself:

* when, where, why and how are risks likely to happen in your business?
* are the risks internal or external?
* who might be involved or affected if an incident happens?

**Analysing the level of risk**

To analyse risks, you need to work out the likelihood of it happening (frequency or probability) and the consequences it would have (the impact) of the risks you have identified. This is referred to as the level of risk, and can be calculated using this formula:

***level of risk = consequence x likelihood***

Level of risk is often described as low, medium, high or very high. It should be analysed in relation to what you are currently doing to control it. Keep in mind that control measures decrease the level of risk, but do not always eliminate it.

A risk analysis can be documented in a matrix, such as this:

**Likelihood scale example**

| **Level** | **Likelihood** |  |
| --- | --- | --- |
| 4 | Very likely |  |
| 3 | Likely |  |
| 2 | Unlikely |  |
| 1 | Very unlikely |  |

**Consequences scale example**

| **Level** | **Consequence** | **Description** |
| --- | --- | --- |
| 4 | Severe |  |
| 3 | High |  |
| 2 | Moderate |  |
| 1 | Low |  |

Note: Ratings vary for different types of businesses. The scales above use 4 different levels; however, you can use as many levels as you need. Also use descriptors that suit your purpose (e.g. you might measure consequences in terms of human health, rather than dollar value).

**Evaluating risks**

Once you have established the level of risk, you then need to create a rating table for evaluating the risk. Evaluating a risk means making a decision about its severity and ways to manage it.

For example, you may decide the likelihood of a fire is 'unlikely' (a score of 2) but the consequences are 'severe' (a score of 4). Using the tables and formula above, a fire therefore has a risk rating of 8 (i.e. 2 x 4 = 8).

**Risk rating table example**

| **Risk rating** |  **Examples of Description** | **Action** |
| --- | --- | --- |
| 12-16 | Severe | Needs immediate corrective action |
| 8-12 | High | Needs corrective action within 1 month |
| 4-8 | Moderate | Needs corrective action within 3 months |
| 1-4 | Low | Does not currently require corrective action |

Your risk evaluation should consider:

* the importance of the activity to your business
* the amount of control you have over the risk
* potential losses to your business
* any benefits or opportunities presented by the risk.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **4.** | **Risk Assessment** |  |
| These are suggestions of the elements you may wish to include in this section  |
| Reduction or increase of local or national universal free early education hours |  |
| Demand increases from paying parents |  |
| Transition-what will be the offer for working parents for those children aged 5 and above  |  |
| Sustainability |  |
| Other factors for consideration? |  |

**Feedback your ideas to the group**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **5.** | **Appendices** |  |
| These are suggestions of the elements you may wish to include in this section  |
| Parental Survey  |  |
| Other factors for consideration? |  |

**Feedback your ideas to the group**