



Department
for Education

Childminder agency trials: key learning points for organisations setting up a childminder agency

Research Report

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1. Introduction

This report sets out some key learning points for organisations setting up a childminder agency (CMA). It draws upon relevant findings from an independent evaluation of the CMA trial by Ipsos MORI and Ecorys, commissioned by the Department for Education in the summer of 2013. This report has been written by the Department for Education and agreed by Ipsos MORI and Ecorys.

1.1 Policy background

In January 2013, the government announced its plans for childcare reform in England with the publication of its policy document, *More Great Childcare*¹. Reforms concentrated on the importance of raising quality within childcare provision alongside expanding the number of childcare places available, ensuring more choice for parents and better outcomes for children.

As part of the reforms, and specifically in response to the decline in childminder numbers over the last twenty years, the government announced its intention to allow the establishment of CMAs from September 2014.

The introduction of CMAs aims to:

- encourage more childminders to enter the market;
- offer support, training and development for childminders;
- improve the quality of childminding provision; and
- provide help for parents in finding a high quality childminder.

1.2 The childminder agency trials

In the summer of 2013, expressions of interest were invited from organisations to take part in a trial of childminder agencies. Around 100 organisations expressed an interest in joining the trials, with 22 trialists selected to participate. Two trialists subsequently withdrew for reasons not linked with the trials. Of the remaining 20, two trialists subsequently decided to work in partnership, meaning 19 individual trials were completed.

¹ *More Great Childcare*, Department for Education (January 2013)
<https://www.gov.uk/government/publications/more-great-childcare-raising-quality-and-giving-parents-more-choice>

Organisations involved in the trial included: 11 local authorities (LAs), six private and voluntary sector organisations (PVI), two primary academies, one nursery, one children's centre and one charitable organisation. Geographically, trialists were spread across seven of the nine regions within England and included a range of urban and rural areas as well as more and less deprived areas. For a full list of the 19 trials please see Annex 1.

The intention was that trials would: help inform policy development; help shape the regulations which would govern childminder agencies; and help inform the content of any accompanying advice document for prospective childminder agencies.

Trials began in summer 2013. No end point was set for the trials; this was left for trialists to decide themselves, in the context of the legislative process which would enable childminder agencies to be established from September 2014.

2. Evaluation of the childminder agency trials

2.1 Background to the evaluation

Shortly after the commencement of the childminder agency trials, the Department for Education commissioned Ipsos MORI and Ecorys to conduct an independent evaluation of the trials. The evaluation of the trials took place between September 2013 and March 2014.

The evaluation covered activities carried out as part of the trial phase for childminder agencies, with the aim of gaining a better understanding of the range and characteristics of potential agency models, their associated regulatory requirements, their role in supporting childminders with training and continuing professional development (CPD) requirements, and how agencies could be marketed to childminders and parents.

2.2 Methodology and limitations

Evidence for the evaluation was gathered through a variety of methods including case study interviews or focus groups with representatives from the trials, interviews with childminders and parents, analysis of emerging agency business models and two surveys; one with childminders and one with parents and carers in 15 of the 19 trial areas².

Information gathered through these methods has informed the key learning points for prospective agencies in section 3.

It is important to outline the context in which the trials took place and factors that should be taken into account when considering findings from the trials:

- the evaluation of the trials took place at a time when trialists were in the early planning stages of developing an agency model. No services were provided to parents or childminders during the trial period and so firm conclusions on the viability of agency models tested as part of the trial cannot be made at this stage;
- trialists identified a number of potential issues during the planning stages for their agencies and some solutions to these issues may develop as further progress is made;

² Case studies included consultation with childminders and parents, where possible, and primary interviews with the trial leads and other relevant staff, such as childcare development workers. A total of 33 childminders and 11 parents were interviewed as part of the case studies. Ipsos MORI distributed 2 self-completion paper based surveys via trial organisations primarily to existing childminders and parents and carers who worked with those childminders in the geographical areas covered by the 15 case studies. 1622 childminder questionnaires and 3426 parent and carers questionnaires were distributed. 334 childminders and 424 parents and carers returned the surveys to Ipsos MORI. Survey fieldwork took place between 31st January and 7th March 2014. The surveys are not fully representative of local populations of childminders and parents and the findings should be treated as indicative only.

- the parliamentary process for the enabling legislation for CMAs necessarily meant that trialists were planning in an environment where a definitive position on aspects of CMAs had yet to be finalised;
- trialists were self-selecting so there was inevitably a degree of bias in the composition of the trialists – for example LAs were more likely to be from areas with a relatively good existing service for childminders; and
- trials took place against a relatively negative backdrop in the media; concerns from existing childminders about the impact on their businesses meant that trialists initially found it difficult to get buy in from this key group.

2.3 Trial activities

As outlined above, all trials took place in the early planning stages of the childminder agencies. Trialists were seeking to explore a number of different elements of the agency model, with activity focusing upon a number of key areas:

- Recruitment of childminders by an agency;
- Registration and checking procedures in relation to childminders registering with an agency;
- Business support that may be offered to childminders registering with an agency;
- Training and continuous professional development (CPD) offered to childminders registered with an agency; and
- Quality assurance processes undertaken by an agency.

A small number of trialists also considered financial modelling around establishing agencies and how to reach out to and market an agency's services to parents.

Information gathered on these activities through the methods described in 2.2 informed the key learning set out in Section 3.

Please see Annex 2 for further details regarding the full range of activities undertaken by trialists during the period of evaluation.

3. Key learning for those setting up a childminder agency

In exploring how areas of the policy may work in practice, the childminder agency trials have played an important role in policy development. Learning from the trials has helped to inform regulations for childminder agencies and 'departmental advice'³ on childminder agencies.

The following section offers some key learning points for those planning to establish a childminder agency.

3.1 Business models: high level considerations

Understanding the market

- Organisations or individuals considering setting up a childminder agency should ensure that adequate time and effort has been invested in gaining an up-to-date understanding of their market. In developing a business model, agencies will need to carry out market testing in order to assess demand for their services with childminders (both new and existing) and parents within the areas they plan to cover.
- In particular, effective market testing will be essential in order to fully understand childminders' training and CPD needs, and to tailor packages of support accordingly. Agencies will need to take into account what is currently available to childminders locally and to differentiate their offer and plan their pricing strategy accordingly.
- Many trialists reported resistance from existing childminders regarding childminder agencies. In response to this, a number of trialists undertook direct consultation with childminders, for example through focus groups. This approach proved useful in dispelling myths around childminder agencies and allowing trialists to gain a better understanding of the services that childminders would find useful. Box 1 below provides an example of the local consultation activities carried out by one of the trialists.

³ *Childminder agencies: a step-by-step guide* (August 2014)

<https://www.gov.uk/government/publications/childminder-agencies-a-step-by-step-guide>

Box 1: example of local consultation activities with childminders

Trialist type: PVI

The trialist surveyed childminders in their local area to gauge their initial views on the concept of childminder agencies. This showed that:

- there was very little awareness of CMAs;
- for those who were aware, awareness was mainly through forums, early years press, general media and newspapers;
- the majority wanted to stay independently registered with Ofsted; and
- the majority had built up negative perceptions of CMAs based on talking to other CMs, and / or from social media and other informal sources of information.

The trialist decided to run a focus group following on from the survey, to counteract the 'myths' surrounding CMAs by putting out positive messages and challenging childminders' thinking. This included presenting their proposed membership costs as per day to clearly show how they would work in practice and also discussing how the costs could be covered under their tax returns.

The approach was thought to be successful because it gave childminders more factual information about CMAs and ownership of the direction to be taken by the local model. It also showed that a number of those childminders who had initially felt that they would prefer to remain independently registered with Ofsted would be interested in accessing the CMA as a training hub for specific services.

Agency costs

- CMAs will need to be self-funding. As with any business, careful estimation of costs of an agency will be important to help ensure that agencies are successfully established. Agencies will need to consider all relevant costs including staffing, marketing, quality assurance, premises, insurance and equipment. Evidence from the trials suggests staffing will be a major cost for agencies (in particular in relation to roles requiring particular expertise) and will, therefore, need to be fully analysed when setting up an agency.

Agency revenue

- Revenue projections should be cautious, at least in the early stage of childminder agencies. At the time the trials took place, there was little demand among existing childminders to join agencies. New joiners to the childminding profession may, therefore, be an important market for agencies. Agencies will need to consider what services they will provide that will add value to existing childminder businesses as well as new joiners and ensure that they offer value for money.

3.2 Business models: specific considerations

Attracting experienced staff

- Agencies will need the right people with the relevant skills and experience in particular roles. A number of trialists explored the possibility of using more experienced childminders to act as mentors to less experienced childminders within an agency. Some experienced childminders interviewed saw providing quality assurance and development support and the potential, therefore, for career progression as an appealing prospect.

Setting membership fees for childminders

- Agencies should assess carefully whether their anticipated childminder fees match the willingness and ability of childminders (including those considering a career in childminding) to pay for their services.
- It is sensible to consider a range of scenarios around fees and demand before final decisions on fee levels are made, and to regularly review how charging policies are working after the agency is established, to ensure any fees are at an appropriate level.
- Some trialists were exploring a menu of services for childminders with different associated costs to provide options for a range of needs (see Box 2).

Box 2: Example of a menu of support developed by a childminder agency trialist

One childcare business taking part in the CMA trial is considering offering two types of support: a 'start-up package' providing pre-registration support, followed by a menu of support options childminders could buy into.

"What we're trying to do is an all-round support system." (Childminder agency representative)

Start-Up Package

The start-up package would last around six months and includes:

- Mandatory training, including EYFS and paediatric first aid;
- Mentoring support: This would be an experienced childminder who will support people with the application form, grant applications and will undertake pre-quality assurance audits. Support will include weekly Skype meetings, emails and regular contact;
- Business support: Including finance, marketing, business plans and preparing for inspections;
- Pre-registration home visit.

There would be additional support to people who are not ready to register as a childminder.

Menu of Support Options

Once a person has registered as a childminder they could choose to formally join the Agency. They could choose which aspects of support they buy into, including:

- a. **Quality Development Programme and CPD Programme:** The CMA would offer three different packages of support. Childminders can choose which they take up
 - i. Intermediate
 - ii. Advanced
 - iii. Leadership: This would include a Level 5 qualification when it is available.
- b. **Mentoring support:** This would include a development plan and review visits every three months;
- c. **Business software system:** They would provide childminders with online software that will help them run their business. This would be a 'business in a box' that would cover everything that is necessary in an Early Years setting (e.g. contracts, permissions, financial planning).

Services for parents

- Parents and carers surveyed as part of the trial evaluation rated the following services a childminder agency may offer as 'very important': having a central place to go for information about childminders (31%); having support to find a childminder who meets their needs (27%); providing holiday and illness cover (28%) and providing out of hours childcare (20%), for example to cover shift work⁴.
- Therefore, those setting up an agency may wish to explore further demand for a matching service for parents⁵, out of hours childcare and the provision of holiday/illness cover and consider how best to market these services to parents.
- Agencies will need to consider the existence of current organisations (such as the Family Information Service) and how the provision of agency services will work with or alongside these organisations and the services they provide.
- Agencies may also wish to explore the provision of other useful services for parents as a means of generating revenue. Examples explored during the trials included the provision of parenting classes and toy banks.

New services

- One way for a childminder agency to expand its reach to both childminders and parents could be to offer new services, for example respite care for teenage parents or specialist provision for SEN children or emergency foster care, or with childminders group together to provide crèche (group sessional settings) services for employers or the local authority. It is likely agencies will need to develop effective partnerships to achieve this.
- Box 3 below shows the market testing undertaken by one of the trial areas in exploring how childminder agencies may be able to offer new services.

⁴ The following features of a childminder agency, although not services to parents, were also rated highly by parents and carers surveyed as part of the evaluation; the agency's Ofsted rating (31%) and assurance that childminders receive regular inspection visits from an agency (30%), knowing that the childminders have the agency's quality mark (27%), having help accessing the free entitlement for 2/3/4/ year olds (21%).

⁵ I.e. finding them a suitable childminder for their child(ren) from within the agency.

Box 3: Example of a local authority trialist's market testing to explore the applicability of the childminder agency model in addressing the needs of specific care services

One local authority-based trialist structured its market testing activities around four development projects as follows:

- **Respite and Social Care** – this strand tested whether childminding services have potential as an alternative or supplement to LA respite (e.g. care for children with SEN) or safeguarding services. This could include an offer where childminders provide one night of overnight care.
- **Teenage parents** – this strand tested the model with teenage parents; again as a form of respite. This built on a successful previous pilot carried out by the trialist.
- **Childminders instead of crèches** - this strand tested whether childminders could provide a more flexible and cost effective form of childcare provision than crèches (group sessional settings, often providing places for very short periods of time), which are known to be expensive. The plan is that ultimately this service will be offered to schools and colleges, who might need childminders as part of their work with parents. A scheme with employers is also under consideration.
- **Childminders to support families within Children's Centre services** – this strand tested the use of childminding services as part of a LA function for children who have childminding services purchased as part of local discretionary budgets (e.g. to support parents with children with additional needs). One of the uses of the funding has traditionally been to purchase nursery and childminding services, the trial is investigating whether there might be greater demand for this.

Helping childminders with expansion

- Childminder agencies should give careful thought as to how they encourage childminders with additional capacity to offer new places. One possible way is through matching local parents who want a childminder with agency childminders who have spare places. Another way may be through helping childminders to offer and parents to access funded early education places⁶. 69% of childminders surveyed who didn't currently access this funding were interested in doing so in the future.

⁶ The funded early education entitlement includes funding for 15 hours of early education for disadvantaged two- year- olds and all three- and -four-year-olds.

3.3 Organisational structure

Partnership opportunity

- Organisations considering setting up a childminder agency should consider the possibility of forming partnerships in order to make most effective use of experience and skills and to maximise business opportunities. Partnerships formed during the trials included a local authority and a private business partnership and a partnership between a school, a local authority and a private training organisation.

Alternative models

- Mutual or social enterprise models are examples of alternative models not tested during the trials. There was interest amongst some of the childminders interviewed during the trial for this kind of model, so those interested in setting up an agency may wish to give this further consideration.

Employment of childminders

- Agencies should be clear on the different employment options they intend to offer to childminders (e.g. childminders remaining self-employed or being directly employed by the agency) and communicate these effectively to key audiences (existing and prospective childminders). The majority of existing childminders surveyed suggested they would prefer to remain self-employed if they did join an agency. Those setting up an agency should, therefore, consider different employment options and the effect this may have on demand for different services (e.g. business support/advice).

3.4 Marketing and recruitment

Marketing and recruitment of childminders

- Clear promotion of the benefits of joining an agency will be key to stimulating demand amongst childminders. Childminder agencies would benefit by highlighting their focus on quality improvement and the positive offer they can make to childminders in terms of practical support, e.g. good quality training⁷ and support (including with paperwork/registration process and Early Years Foundation Stage (EYFS) issues).
- Additionally, interviews with childminders showed that wider support such as peer support, bespoke face-to-face support and quality assurance visits from suitably qualified agency staff were also appealing to some childminders. Therefore, agencies may wish to consider focusing upon these elements in developing and marketing its services to childminders.

⁷ For example safeguarding training and first aid training.

- Prospective childminders are likely to be a key market for agencies; although small numbers were interviewed as part of the evaluation, those who were appeared to be more positive about the support an agency could provide. Appealing aspects of agencies amongst this group included help to find parents, access to support and, in some cases, help with business administration. Agencies should consider ways to explore interest from this market group further and engage with them. Examples of engagement with this group considered by trialists included:
 - linking to community learning teams within the local authority to create a pathway into childminding;
 - working with Jobcentre Plus to engage at an early stage with those interested in a career in childminding;
 - exploring recruiting through informal childcare networks in the Black Minority Ethnic (BME) community and;
 - recruiting in disadvantaged areas where uptake of childminding has traditionally been lower.
- It is important to offer a package of support and opportunities that are attractive to experienced childminders by highlighting the business opportunities an agency can provide. This package may include:
 - tailored support for business/premises improvements;
 - business support packages such as invoicing, marketing and matching services with parents.
 - supporting access to early education funding for 2-, 3- and 4-year olds;
 - offering higher level childcare qualifications and other advanced/specialist CPD opportunities;
 - offering a high level of peer support/networking to more experienced childminders; and
 - expanding into work on non-domestic premises, e.g. a school, or offering specialist childcare.

3.5 Quality assurance

Support and quality assurance

- It will be important for agencies to develop robust and transparent quality assurance systems in order to achieve the same level of reassurance currently in place through Ofsted. Most trialists intended to mirror current Ofsted inspection gradings during

their quality assurance visits. However, others were considering using a number of different quality assessment schemes.

- Agencies are most likely to be successful if they can demonstrate to childminders, parents and others that they have a robust registration and quality assurance system in place.
- Consideration may need to be given to separating within an agency the support and quality assurance functions of an agency to minimise conflicts of interest.
- Agencies will need to consider the best format and frequency of support visits, and other forms of contact time, provided to individual childminders to ensure that their agency is improving the childminder's quality. This also has financial implications, and should be taken into account when developing a business plan.

Communicating individual quality judgements to parents

- It will be important for agencies to communicate clearly to parents the agency's quality assurance system, including any ratings scale they choose to employ. If a ratings scale is used it will need to clearly explain how this differs to Ofsted judgements.

Working with local authorities and others

- Childminder agencies will need to develop robust ways of working with local authorities, especially around sufficiency and safeguarding requirements, as well as with other agencies when it comes to background information about childminders and their performance history. Clear information sharing protocols between different organisations and agencies will need to be in place.

3.6 Training, continuous professional development and support

Assessing the market

- Consideration should be given to the professional support both new and experienced childminders would like to see available from an agency.
- In seeking to establish themselves within the existing market, childminder agencies will need to assess the local context and the level of training and support services provided by local authorities. Agencies might consider how they can provide a service which is substantially different to and/or better than that provided elsewhere. Alternatively, they could choose to promote training/CPD/support packages in areas where local authority support is less comprehensive.
- When developing training and CPD, childminder agencies should identify and review the costs of existing training resources, to identify how better value for money can be achieved. Given agencies need to cover the costs of the training they provide from

their revenue, this added support could potentially come from childminder agencies providing wrap-around support such as mentoring or coaching.

Cost effectiveness

- Childminder agencies will need to give consideration to ways in which they can deliver training and support in a more cost effective manner, using technology and other methods, such as group rather than individual sessions, to provide support without compromising on quality.

Annex 1: Trial organisations

- Family Info Link
- St Bede's Academy
- Liverpool Council
- Salford Council/Rochdale Council/Wigan Council
- @Home Childcare
- Entrust Ed
- Noel Quinn Ltd/ Broadclyst Community Primary School
- Telford Council
- Buttercups Nursery
- Riverside Childcare
- Merton Council
- Trio Childcare
- Bournemouth Council
- South Gloucestershire Council
- First Year Childcare
- Calderdale Council
- Rutland Council
- Warwickshire Council
- Hampshire Council

Annex 2: Examples of activities explored by trials

Please note, not all trialists engaged in every activity listed below, trialists participated in the various elements described at their own discretion.

Agency aspect being tested	Examples of activities trialed
Recruitment of childminders	<ul style="list-style-type: none"> • Focus groups and surveys to understand current opinions on agencies and childminder's main sources of information on agencies. • Recruitment of participants for the trial e.g. to trial new quality assurance framework. • Concept testing of services planned to offer.
Registration and checking procedures	<ul style="list-style-type: none"> • Consideration of package of pre-registration training. • Exploration of Disclosure and Barring Service (DBS) check process. • Consideration of information sharing necessary to assess/establish history and conduct safeguarding due diligence. • Planning of home visits to explore initial support needs. • Consideration of protocols for suspension and cancellation.
Business support	<ul style="list-style-type: none"> • Investigation of demand from childminders for help with: <ul style="list-style-type: none"> - Administering fees. - Policies and procedures, contracts. - Financial management of business. - Insurance. - Advertising to parents.
Training and CPD	<ul style="list-style-type: none"> • Investigating: <ul style="list-style-type: none"> - Demand for further training e.g. level 3-5 childcare qualifications - Most appropriate pre-registration training package to get new childminders to 'Good' - Ways to compete with training offer from local authorities (non-local authority trialists) - Offering/requiring different childminders to undertake different levels of CPD hours dependent on experience. - Ways of making training more cost effective whilst maintaining quality.
Quality Assurance	<ul style="list-style-type: none"> • Testing: <ul style="list-style-type: none"> - Hours of support and number of home visits needed for different childminders. - Costing and feasibility of home visits (including unannounced visits). - Alternative quality assurance frameworks Ways to reduce cost of support without reducing quality e.g. group surgeries, online

Agency aspect being tested	Examples of activities trialled
	<p>feedback.</p> <ul style="list-style-type: none"> - Demand for peer support/mentoring services. - How to combine/separate quality assurance and support functions. - Levels of childminder support for agency quality assurance rather than Ofsted inspection.
Financial modelling	<ul style="list-style-type: none"> • Estimating: <ul style="list-style-type: none"> - Staff time needed for support and quality assurance of childminders of different levels. - Optimal ratios for number of staff to childminders for quality support. - Overheads and fixed costs e.g. renting new premises, liability insurance, marketing. - Potential fees that childminders would be willing to pay. - Ability to subsidise some elements of support and training package through grants/local authority input.
Marketing to parents	<ul style="list-style-type: none"> • Testing a campaign to increase uptake of childminder services • Developing an offer of additional services for parents e.g. fee management, parenting courses, toy banks, SEN/foreign language provision, holiday/illness cover



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