**Providers: planning your supply to meet demand for the extended free entitlement for three and four year olds (EFE)**

A key ingredient in ensuring sustainability of early years provision is managing the demand for and supply of provision. On a larger scale, this is the responsibility of the local authority. Individual providers, however, should also consider the likely demand for the new EFE amongst their existing and potential parents and what they as a provider can do to increase supply if necessary.

For guidance on how to assess demand, see the document [**Assessing Demand Guidance for Providers.**](http://www.familyandchildcaretrust.org/sites/default/files/Assessing%20demand%20guidance%20for%20providers.docx)

For more information about who is entitled to EFE and the universal offer, please see the [**FAQs**](http://www.familyandchildcaretrust.org/sites/default/files/FAQs%2030%20Hours%20Free%20Early%20Education%20Entitlement.docx) section of this toolkit.

**Main supply issues**

The main questions to consider in relation to building supply to meet demand and maintain the sustainability of your provision are:

**Individual provider:**

**Your current offer**

* Are you clear about why you offer the pattern of provision that you currently deliver? Is it because that is what parents want, or is it historical and you have carried on because it has worked up until now?
* Do you know your unit costs, and do these inform your pricing structure? How many children do you have to accommodate and how many hours do you need to offer to break even with those unit costs and charges?
* Is your staffing structure well-aligned to the number of children in your setting at different times of the day and week? Do you have any spare staffing capacity and if so, when?
* Is your space fully occupied at all times? If not, when do you have capacity?
* Do you know what is on offer in the rest of the early education and childcare market locally? Who are your competitors? How does your offer compare to theirs e.g. hours open, cost etc?

**What are the potential effects of EFE?**

* Would you be able to accommodate the same number of children when EFE begins?
* What is the impact of EFE on your provision’s sustainability? Will you potentially lose income because parents will replace paid top up hours with the EFE entitlement and if so, how much money could you lose?
* Are parents likely to look elsewhere if you are not able to meet their needs?
* If you currently take two year olds, will there be an impact on your future ability to do so? Can you and do you want to accommodate more three and four years olds by reducing the number of or stopping taking two year olds?

**What adjustments could you make?**

* Do you want to, and do you have the capacity to, expand supply to meet demand?
* If you are a sessional provider, would you be willing/able to open for longer days and all year round? Are you clear that there is demand for this new type of offer?
* Are you willing to expand and deliver on new premises?
* What adjustments to staffing and space would you need to make if you decide to expand supply and/or open longer and all year round? How does that affect your unit costs and your charging policy?
* Are you willing to work with another provider(s) to share the offer?

**Working in partnership to** **deliver a blended EFE offer**

You may wish to consider delivering the EFE entitlement (or even all your provision) in partnership through a blended offer where providers share the delivery of the offer between them. Partners could include schools, private, voluntary and independent (PVI) sector, including sessional and specialist, providers e.g. for children with SEND and those who currently only deliver Out of School (OOS) provision, childminders and/or children’s centres (CCs).

Working with other providers can help meet demand in a more flexible and coordinated way by bringing together resources (staff and premises) as well as expertise.

For more information about partnership delivery please see the [**Overview**](http://www.familyandchildcaretrust.org/overview-dfes-30-hours-mixed-model-partnership-toolkit) and [**Partnerships**](http://www.familyandchildcaretrust.org/partnerships-dfes-30-hours-mixed-model-partnership-toolkit) and [**Delivery Models**](http://www.familyandchildcaretrust.org/delivery-models-dfes-30-hours-mixed-model-partnership-toolkit)sections of this toolkit.

For more information, please see the [**What is a blended offer and why take this approach**](http://www.familyandchildcaretrust.org/sites/default/files/What%20is%20a%20blended%20model%20and%20why%20take%20this%20approach.docx)document in the [**Getting Started**](http://www.familyandchildcaretrust.org/getting-started-dfes-30-hours-mixed-model-partnership-toolkit) section of the toolkit.

**What are the steps in planning supply for a partnership arrangement?**

Once you have decided on the principle of working together with another provider or a group of providers to deliver the offer, these are the important steps to take in planning joint supply:

* establish what each partner brings to the table (you can use the [**Give – Get**](http://www.familyandchildcaretrust.org/sites/default/files/Give%20%E2%80%93%20Get%20Exercise.docx) exercise in the [**Relationship Management**](http://www.familyandchildcaretrust.org/relationship-management-toolkit) section of the toolkit to help with this). A PVI provider might bring their registration and qualified staff, a childminder, their ability to work off domestic premises and a school space that is available out of core school hours and during the holidays.
* map the current supply of each partner – opening hours, places available for different ages etc
* staffing levels (qualifications, experience etc)
* what space is available across the providers’ premises or nearby in underused buildings?
* what does each provider want to offer in the future? For example, does a school only want to deliver in school hours itself, but would like longer daily and all-year-round provision and is willing to let someone else use their premises to make this offer available?
* what would the offer look like, and does it meet with stated parental demand? Could a new offer attract different parents to the provision?
* what do other providers in the area (including those who are not in your partnership) currently offer i.e. is there room in the market for what you are proposing?
* is there the need for building adaptations? If so, how might these be financed and is it financially viable to carry out the works?
* what is the business case for reconfiguring the supply in the way that is proposed?

Once you have agreed on the approach to delivering sufficient supply to meet demand, there is still a lot of work to do to get the partnership up and running effectively. There are plenty of tools and guidance to help you with that in the [**Getting Started**](http://www.familyandchildcaretrust.org/getting-started-dfes-30-hours-mixed-model-partnership-toolkit), [**Partnerships**](http://www.familyandchildcaretrust.org/partnerships-dfes-30-hours-mixed-model-partnership-toolkit) and [**Working with Parents**](http://www.familyandchildcaretrust.org/working-parents-dfes-30-hours-mixed-model-partnership-toolkit)sections of the toolkit.