**Coventry Early Years Business bites - understanding occupancy**



**Understanding and monitoring occupancy**

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It is important to understand how monitoring occupancy levels within the setting can have some significant impact on the sustainability of the provision. Budgets cannot be accurately predicted unless you understand the occupancy levels in detail. Counting just the number of children on roll or on the daily register will not give you sufficient information and can in fact be misleading as it only measures the number of children who come through the door in any one week for example.

**Example:** If a setting is a 24-place nursery offering two sessions per day and has 36 children on the register, they may think they are doing well. If the average number of sessions each week is only four per child, then there could be a problem.

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| Step 1 | Work out the number of sessions you are filling. This is:  The number of children on roll x number of sessions booked per child = sessions per week | E.g. the number of sessions per week is 144 (as there are 36 children attending for four sessions) |
| Step 2 | To work out occupancy level.  Divide the actual occupancy by capacity | E.g. (144/240)  In this example you would be currently running at 60% occupancy |

What counts is not how many children are on roll but how much childcare is actually being used and paid for by families. Forecasting occupancy levels allows for predictions, setting realistic budgets, understanding when in the week, month, year attendance numbers are anticipated to be low and therefore needs action to address this.

There are many occupancy templates on-line, but many nurseries will be using one of the many software applications available or have their own Excel spreadsheet to do this. What is important is that you know what your occupancy is from the time you open until the time you close by the hour if you are not just a sessional provision.

Using this information proactively and as part of your business planning process will inform staffing levels, annual review of fees and charges before the start of the financial year and to anticipate if you will be generating enough income to cover anticipated expenditure, plus a margin to build up some reserves, unexpected costs, emergencies, growth plans or improvements.