

Introduction

This assignment explores entrepreneurial leadership by developing a proposed childcare setting to support early development and well-being. The idea focuses on a relational childcare model that prioritises nurturing relationships, small-group environments, and outdoor learning opportunities.

The first section outlines the proposed childcare setting within the wider childcare landscape in Wales and the United Kingdom. The second section critically analyses the potential developmental impact of this model, drawing on relevant research and policy frameworks.

Part A Business Plan Brochure

Introduction: The Vision

For many families, childcare is not simply a practical service; it represents trust, emotional security and the reassurance that their child is genuinely cared for. Despite the expansion of childcare provision across the United Kingdom, pressures such as staffing shortages, rising operational costs, and increasingly performance-driven models have created environments in which relational care can sometimes be compromised.

My name is Natasha, and I have over twenty years of experience working across a range of early years settings. During this time, I have worked closely with children, families and multi-disciplinary professionals and have developed a deep understanding of the emotional, developmental and practical needs of young children.

This business concept is grounded in a simple but purposeful vision: **“Putting the care back into childcare.”**

The aim is a childcare provision focused on emotionally responsive relationships, nurturing environments, and developmentally appropriate practice that supports both children and their families.

Research demonstrates that warm, consistent relationships in early childhood environments support children’s emotional regulation, resilience and long-term well-being (Sluiter, Fukkink and Fekkes, 2025). Welsh early years policy also emphasises the importance of belonging and emotional well-being as foundational for children’s learning and development (Welsh Government, 2025).

This proposal, therefore, seeks to create a childcare setting where relational care is prioritised alongside high-quality early education.

The Business Concept

The proposed business is a 26-place full-day childcare setting for children aged two to four years located within a community hall on the border of Cardiff and Newport. The setting will operate Monday to Friday from 7:45am to 5:30pm and will be registered with Care Inspectorate Wales (CIW).

The setting will provide wrap-around childcare in partnership with a nearby primary school, enabling children to transition smoothly between childcare and school-based nursery provision.

The childcare environment will be designed to support curiosity, exploration and emotional security. Children will benefit from two outdoor learning areas, including opportunities for forest school experiences which support physical activity, risk awareness and environmental exploration.

The setting will deliver the non-maintained Curriculum for Wales **framework (Welsh Government, 2024)**, which promotes child-centred learning and development through play-based experiences. The environment will be calm, responsive and child-led, supporting children's individual interests and developmental needs.

A key element of the model is its intentionally small scale. With only 26 places available, practitioners can build meaningful relationships with children and families, ensuring that each child is known, understood and supported within a consistent caregiving environment.

Why This Idea Is Innovative

While childcare provision has expanded significantly in recent years, many parents continue to report difficulties in finding settings that combine practical childcare with emotionally responsive care.

This business aims to address this gap by prioritising relational pedagogy, in which secure attachments between practitioners and children are central to the setting's daily practice.

Children will be cared for within consistent small groups of practitioners, supporting attachment theory between children and caregivers in promoting emotional regulation, confidence and resilience (**Bowlby, 1997 cited in NSPCC, 2021; Early Years Wales, 2025**).

The emphasis on nurturing environments also aligns with the ECPLC in Wales, which highlights the importance of well-being and belonging as foundations for learning and development (Welsh Government, 2025).

Outdoor learning opportunities will also play an important role. Research suggests that outdoor environments can support physical development, independence, creativity and problem-solving in young children.

The setting therefore, combines:

- relational caregiving
- outdoor learning
- small group environments
- community integration

Together, these features create a distinctive model of childcare that supports children's holistic development.

Who Will Use This Service?

Evidence suggests that the primary users of formal childcare settings are working parents of preschool children (Hansen, Joshi and Verropoulou, 2005). Across the UK, approximately 68% of families use some form of childcare, although many continue to rely on informal care from relatives (Simon, Owen and Hollingworth, 2015). However, research suggests that many grandparents remain in employment or may not always be available to provide regular childcare (Glaser, Di Gessa and Tinker, 2014, USDAW, 2017).

Demographic data also indicates that many parents are having children later in life while maintaining full-time employment, further increasing demand for reliable childcare provision (ONS, 2022).

The proposed setting will therefore serve families from the local community and the surrounding areas of Marshfield and Newport. Although the provision will not operate a strict catchment area, accessibility and location will naturally influence demand.

Location plays an important role in childcare decisions (Lane and Lewis, 2023; Gilson and Watkins, 2025). Research indicates that some families are willing to relocate to access suitable childcare provision (Welsh Liberal Democrats, 2023). The proximity of the proposed setting to a primary school, therefore, provides a practical advantage for families seeking wrap-around care.

Benefits for Children's Development

High-quality early years environments have a significant influence on children's development and future outcomes (Commissioner for Wales, 2017; Senedd, 2019; Ofsted, 2024).

Secure relationships with caregivers support children's emotional development, helping them learn to regulate their emotions and build positive social relationships. Research also indicates that early childhood experiences shape children's long-term well-being and learning trajectories (Bronfenbrenner, 1979; Sluiter, Fekkink and Fekkes, 2025).

Within this setting, children will benefit from:

- secure relationships with consistent practitioners
- calm and nurturing environments
- outdoor learning opportunities
- play-based learning experiences
- small group interactions

These experiences support key aspects of early childhood development including:

- emotional regulation
- language development
- social confidence
- independence and resilience

The setting will therefore aim to create an environment where children feel safe, valued and supported as active learners.

Market Demand

Market research indicates that demand for childcare remains strong.

In Wales, over 21,000 children accessed the Childcare Offer for Wales in 2023–2024, demonstrating significant demand for funded childcare provision (Welsh Government, 2025). Local childcare sufficiency assessments conducted under the Childcare Act 2006 provide insights into regional supply and demand (Cardiff Council, 2021; Newport City Council, 2021).

Although overall birth rates across the UK have declined, Newport recorded one of the highest fertility rates in Wales in 2024 (ONS, 2025; Stats Wales, 2025). Within the proposed

village location, birth rates have remained relatively stable, suggesting sustained demand for early years provision.

Market research will combine desk-based analysis with field research, including online questionnaires and informal conversations with families in community settings such as parent groups and libraries. Online questionnaires enable efficient data collection from large groups of parents and are widely used in business research due to their accessibility and ease of analysis (Muley, Dalvi and Mawande, 2021). Informal conversations with parents can also provide valuable qualitative insights into childcare needs and preferences (Kvale and Brinkmann, 2015). Using multiple research methods allows for a more accurate understanding of local childcare demand (Burgess, 2003). All data will be collected and managed in accordance with GDPR and the Data Protection Act 2018 (ICO, 2026).

Challenges and Potential Barriers

Despite strong demand, the childcare sector faces several challenges.

Financial sustainability is one of the most significant challenges. Staffing costs represent the largest expenditure for childcare providers, often accounting for 60–75% of operational revenue (Abacus Day Nursery Sales, 2025; Lazri, 2025). Research also highlights that childcare providers must balance multiple income streams and operational costs to maintain long-term financial sustainability (De Jong *et al.*, 2025).

Providers must also meet strict regulatory standards relating to staffing ratios, safeguarding and training under Care Inspectorate Wales requirements (Welsh Government, 2023).

Other potential challenges include:

- maintaining high occupancy levels
- recruitment and retention of staff
- changes in government funding
- rising operational costs

Careful financial planning, realistic occupancy targets and ongoing market monitoring can help mitigate these risks.

Why I Am Best Placed to Deliver This Vision

My professional experience places me in a strong position to develop and lead this setting.

Over the past twenty years, I have developed extensive knowledge of:

- early childhood development

- safeguarding and child protection
- regulatory frameworks such as Care Inspectorate Wales and Estyn
- team leadership and staff development

In previous roles, I have implemented reflective practice sessions with staff teams, encouraging practitioners to share experiences, discuss challenges and develop stronger professional collaboration. This approach improved communication, staff morale and ultimately the quality of care provided to children.

These experiences have strengthened my understanding of how strong team cultures support positive outcomes for children.

Financial Sustainability

The setting's financial model will combine privately paid fees with government-funded childcare stream such as the Childcare Offer for Wales and Flying Start provision. Based on sector forecasting models, a 26-place setting operating at full occupancy with an average daily fee of £60 per child could generate an estimated annual income of £374,000. Sector forecasting tools emphasise the importance of monitoring staffing levels, cash flow and occupancy above 50-70% to maintain operational sustainability (NDNA, 2024; Renaldi, 2025).

Conclusion

This business concept is both a professional aspiration and a response to a genuine need within the childcare sector.

By prioritising relational care, small group environments and child-centred practice, the setting aims to create a nurturing early years environment that supports children's emotional well-being, development and learning.

Ultimately, this proposal seeks to demonstrate that childcare can be both financially sustainable and emotionally responsive, ensuring that children and families receive the support they deserve and "putting the care back into childcare".

Part B Research and Critical Analysis

The daycare setting introduced in the business pitch and Part A proposes a community-based environment. It prioritises consistent practitioner-child relationships, play-based learning, and access to the outdoors. Early childhood research supports these principles. However, putting them into practice must be assessed considering the realities of the childcare sector. This section considers how the proposal may support early years development and also critically examines potential barriers, including financial sustainability, regulations, and workforce challenges.

Designing a Relational Childcare Model

Research demonstrates that high-quality early years' interactions positively influence child development, although the application of these principles depends on broader conditions within the childcare sector.

Attachment theory provides an important framework for understanding the significance of relationships within early childhood environments. Bowlby (1997, cited in NSPCC, 2021) argued that secure attachments to caregivers lay foundations for emotional security and resilience. Early years practitioners frequently function as secondary attachment figures, particularly when children spend substantial periods in formal childcare (Johnson, 2010; Read and Hughes, 2024).

Evidence suggests warm and responsive practitioner-child interactions enhance children's emotional well-being, communication skills, and peer relationships (Sluiter, Fekkink and Fekkes, 2025). The proposed childcare setting emphasises continuity of care and smaller practitioner groups, aligning with research findings. Consistent caregiving fosters the development of trust and emotional security in young children (Gee and Cohodes, 2021; Pollak and Gunnar, 2025).

However, broader structural conditions shape the ability to maintain relational approaches. Factors such as practitioner workloads, staffing ratios, and organisational pressures can reduce opportunities for one-to-one interactions with children. A policy tension exists, as the government's efforts to expand childcare access for working families may place additional pressure on the relational processes that underpin high-quality early years practice.

Daycare settings that value stable practitioner-child relationships can support emotional development, but maintaining continuity is difficult with limited resources.

Policy Context and Growing Demand for Childcare

Demand for formal childcare has risen alongside increases in parental employment. Research indicates that working mothers are among the primary users of formal childcare (Hansen, Joshi and Verropoulou, 2005). However, policy expansion has often prioritised labour market participation over the pedagogical quality of provision, creating tensions between accessibility and quality (Dallimore, 2018; Turkmen, 2023).

Although many families combine formal and informal care, declining availability of grandparental childcare, linked to extended working lives and changing family structures, has increased reliance on formal provision (Glaser, Di Gessa and Tinker, 2014).

Policy uptake statistics show childcare demand. For example, Welsh Government data shows that more than 21,000 children used the Childcare Offer during 2023-24. This demonstrates a heavy reliance on funded provision. However, demand differs by region due to factors such as birth rates, population growth, and local employment. This highlights why national statistics must be used with local childcare sufficiency assessments. In Wales, funded initiatives such as the Childcare Offer and Flying Start programme aim to improve early developmental outcomes and support parental employment (Welsh Government, 2022a; 2025c). These policies also affect the financial conditions for childcare providers.

Local childcare sufficiency assessments conducted under the Childcare Act 2006 identify regional variations in childcare availability (Cardiff Council, 2021; Newport City Council, 2021). At the same time, providers frequently report that government funding levels do not fully cover operating costs, meaning privately funded places are often required to subsidise funded provision (Argile, 2024; Owen, 2024). These economic dynamics create tensions between improving accessibility and maintaining financially sustainable provision.

Childcare providers face the challenge of maximising opportunities from policy expansion while managing the financial and operational pressures of delivering funded places.

Potential Benefits and Limitations

Lower child-adult ratios are often associated with improved observational practice and more responsive interactions. However, evidence directly linking smaller group sizes to improved outcomes is mixed, particularly where practitioner training levels vary (Simon, Owen and Hollingworth, 2015; Dalgaard *et al.*, 2022).

The proposal also incorporates outdoor learning opportunities, which have been associated with increased independence, physical development, and creative thinking in early childhood (UNICEF, 2025; O'Brien, 2026). However, the success of relationship-centred models is not automatic; it depends on reflective practice and strong organisational support.

A smaller setting may face operational limitations. The business proposal notes that keeping high occupancy is key to financial sustainability. While smaller group sizes enhance relationships, they may also limit revenue, creating tensions between pedagogical ideas and financial viability. To address this, alternative strategies, such as diversifying service offerings, collaborating with local organisations, or seeking grant funding and start-up loans, could be explored to supplement income and support the ongoing viability of relationship-centred models (Welsh Government, 2025d; Development Bank for Wales, 2026).

Small-scale community engagement activities, such as introductory play sessions, may allow providers to gauge parental interest informally before implementing full services. Relational approaches offer potential benefits for children; however, their success relies on staff training, organisational stability, and sustainable levels.

Structural Challenges

The wider childcare sector faces several structural pressures that may influence the feasibility of smaller relational models. Financial sustainability remains one of the most significant challenges facing providers. Staffing costs represent the largest expenditure in childcare settings, often accounting for 60-70% of operational revenue (Abacus Day Nursery Sales, 2025; Lazri, 2025). Regulatory requirements regarding ratios, safeguarding, and qualifications are essential for protecting children; however, they also significantly increase operational costs, thereby limiting the financial viability of smaller childcare settings (Pite, 2022; Early Years Wales, 2025).

Funding structures may further complicate financial planning. Government childcare funding is frequently distributed retrospectively, which can create cash-flow pressures for providers (De Jong *et al.*, 2025). Change in funding policies or rising operating costs may therefore affect the long-term sustainability of childcare provision.

Staff shortages further undermine sector stability. Low pay and limited career progression contribute to high turnover, breaking continuity that quality early years practice depends upon. In response, several sector initiatives have been introduced to address these challenges, such as government-funded workforce development programmes and recruitment campaigns aimed at improving training opportunities (Kendall *et al.*, 2012; Welsh Government, 2024b). This reflects the challenges between pedagogical ideas and labour market realities.

Entrepreneurial leadership is an important factor in sustaining innovation. Siraj-Blatchford and Manni (2007) argue that leaders in early years provision must establish a clear pedagogical vision while managing operational demands such as staffing, financial planning and regulatory compliance. Leadership in the sector, therefore, requires balancing pedagogical, social, and financial priorities, particularly as providers must maintain quality while ensuring business sustainability within a competitive childcare market (Fogarty, 2024). In the proposed setting, this leadership approach informs the design of a relational model that prioritises smaller practitioner groups and continuity of care while remaining mindful of the operational and financial realities of the childcare sector.

Parental Decision-Making and Market Considerations

The success of the childcare provision is also shaped by parental decision-making.

Although affordability, location and opening hours influence childcare choices, parents frequently prioritise trust, emotional warmth and reputation when selecting childcare settings (Beckett, 2015; Hussain *et al.*, 2023).

Assessing the viability of childcare provision requires multiple research methods. Secondary data sources, such as childcare sufficiency assessments and demographic statistics, provide an overview of local childcare supply and population trends. However, these datasets may not fully capture rapidly changing parental needs due to the periodic nature of data collection. Online questionnaires allow providers to collect responses from larger samples efficiently (Muley, Dalvi and Mawande, 2021), though responses may be incomplete or unreliable (Sax *et al.*, 2003). Informal conversations or interviews conducted in community settings may encourage more open discussion of childcare experiences (Kvale and Brinkmann, 2015; Swain and Spire, 2020). Using multiple research approaches enables triangulation of findings, strengthening the reliability of market analysis (Burgess, 2023). As a result, childcare providers who prioritise relationship-based practice may find it challenging to demonstrate their value in traditional, competitive comparisons.

Analytical tools such as SWOT analysis or competitor comparison matrices are often used to assess local childcare markets, as they help providers identify pricing structures, service features, and potential gaps in provision (Gupta, 2021; Kenton, 2025). Traditional business analysis tools may therefore oversimplify childcare markets where parental decision-making is shaped as much by relational trust as by measurable service characteristics (Vincent, Braun and Ball, 2008).

The childcare proposal attempts to address this by emphasising strong partnerships with families and community engagement. However, establishing trust and reputation within local communities may take time, particularly for newly established providers.

This suggests that building strong relationships with families may be as important as operational factors such as pricing or facilities.

Conclusion

Early years provision plays a significant role in supporting children's emotional well-being, social development and learning. Research highlights the importance of secure relationships, responsive interactions, and supportive environments in shaping positive developmental outcomes. The proposed daycare setting reflects these principles through a relational model that prioritises practitioner-child relationships, small-group environments, and outdoor learning opportunities.

However, the analysis in this section also highlights the wider structural pressures within the childcare sector. Financial constraints, workforce shortages, and regulatory requirements can challenge the sustainability of relationship-centred practice. Smaller settings may offer stronger opportunities for meaningful interactions, but must also carefully manage occupancy levels and operational costs.

Despite these challenges, evidence suggests that demand for childcare remains strong, particularly where parental employment and local demographic patterns support the need for reliable provision. Within this context, the proposed community-based setting aims to offer an alternative to larger commercial models by "*putting the care back into childcare*" through a focus on relational practice and child well-being.

With effective leadership, financial planning and sustainable staffing strategies, the model demonstrates potential viability while prioritising both quality care and long-term sustainability.