

How to Forecast Cash Flow from a Funded Child

Use this template alongside the CLV calculator and the Age-Group Cost Balance Sheet to explore how each child's journey contributes to your setting's long-term sustainability.

Together, these tools help you move from *hourly rate thinking* to *whole-business planning*.

1. Map Out the Core Funding Income

Assume a child takes 30 funded hours/week, 38 weeks/year.

Use your funding rate and contribution to calculate monthly income only for funded weeks.

For 3-4s with a £5.50/hr rate + £30 a week contribution for food:

- Weekly income = £165 (funding) + £30 = £195
- Funded weeks = 38
- Total annual = £195 × 38 = £7,410
- Spread those 38 weeks across academic months (see below)

2. Layer in Holiday Uplift (if applicable)

If you upsell extra hours (e.g. 3 days at £85 a day for 12 weeks):

- Weekly income in holidays = 3 × £85 = £255
- Holiday weeks = 12
- Annual holiday income = £255 × 12 = £3,060

Now you have 2 cashflow streams:

- Funded term-time (£7,410/year)
- Paid-for holidays (£3,060/year)

3. Build a Monthly Forecast Template

You need to match income to calendar months, not academic years.

Example (assuming Sept start):

Month	Weeks	Term Income	Holiday Upsell	Total
Sept	4	£780	–	£780
Oct	3	£585	£255 (1 wk)	£840
Nov	4	£780	–	£780
Dec	3	£585	£510 (2 wks)	£1,095
Jan	4	£780	–	£780
Feb	3	£585	£255 (1 wk)	£840
Mar	4	£780	–	£780
Apr	3	£585	£765 (3 wks)	£1,350
May	4	£780	–	£780
June	4	£780	–	£780

July	2	£390	£765 (3 wks)	£1,155
Aug	0	–	£510 (2 wks)	£510

Annual Total: £7,410 (term) + £3,060 (holiday) = £10,470

4. Include Fees Received Timing (Cash Flow Reality)

- Do parents pay private fees monthly in advance?
- Are funding payments split by term or monthly?
- Adjust the forecast to reflect actual receipt dates (not just earned income)

5. Scale This for Multiple Children

Duplicate this for every child or build by cohort (e.g. 3–5s, 2s, 1–2s) using average occupancy.

Use a simple Excel/Google Sheets model like:

Child	Month	Income (funding + contrib)	Holiday Charge	Total
Child A	Sept	£780	–	£780
Child A	Oct	£585	£255	£840
...	...	...	...	...

Nursery Cash Flow Plug-and-Play Forecast

Step	Question	Your Input	Explanation
1	What's your day rate for private places (e.g. holiday weeks)?	£	Used to calculate income for non-funded weeks (e.g. selling extra days during holidays).
2	What's your funded hourly rate for 3 - 4 year olds? 2 year olds? 9 mth olds?	£ £ £	This is the base government funding rate (not including extras or contributions). Note: Government funding is intended to deliver 15 or 30 hours a week of free, high quality, flexible childcare. The 15 or 30 hours must be able to be accessed free of charge to parents. There must not be any mandatory charges for parents in relation to the free hours. Government funding is not intended to cover the costs of meals, other consumables, additional hours or additional services.
3	How many funded hours per week does each child attend?	30 15 11.2 22.4	Usually 15 or 30; this figure is used to work out weekly funding income. This can be stretched over the year at 1140, however, no day can be longer than 10 hours
4	How many weeks of funding do you offer each year?	38	Standard academic year.
5	What's your parental contribution per week (e.g. for consumables)?	£	Providers can charge parents for the following extras in connection with the free hours, but these charges must be voluntary for the parent: • consumables to be used by the child, such as nappies or sun cream • meals and snacks consumed by the child

This tool is for business planning purposes only. It is not a substitute for local authority funding guidance. Providers must ensure that no charges are made for the funded hours and that any additional services or contributions remain voluntary for parents, in line with [Statutory guidance Early education and childcare Updated 21 February 2025](#)

			- extra optional activities such as events, celebrations, specialist tuition (for example music classes or foreign languages) or other activities that are not directly related or necessary for the effective delivery of the Early Years Foundation Stage (EYFS) statutory framework - Providers can also charge parents for any additional, private paid hours according to their usual terms and conditions provided taking up private paid hours is not a condition of accessing a free place.
6	How many holiday weeks do you offer?	12	This is your opportunity to offer additional, paid-for care.
7	How many extra days per week do families usually buy in holiday weeks?		Multiplied by your day rate to get extra holiday income.
8	Total funded income (automatically calculated):	Hourly rate × funded hours per week × Weeks =	Your core income stream.
9	Total contribution income:	Parental contribution per week × funded weeks =	Adds to core income.

This tool is for business planning purposes only. It is not a substitute for local authority funding guidance. Providers must ensure that no charges are made for the funded hours and that any additional services or contributions remain voluntary for parents, in line with [Statutory guidance Early education and childcare Updated 21 February 2025](#)

10	Holiday income:	$\begin{aligned} &\text{Holiday weeks} \times \\ &\text{extra days a} \\ &\text{week} \times \\ &\text{day rate} \\ &= \end{aligned}$	Upsell value you generate from families during non-funded weeks.
11	Total annual revenue per child:	$\begin{aligned} &\text{Box 8} \\ &+ \\ &\text{Box 9} \\ &+ \\ &\text{Box 10} \\ &= \end{aligned}$	This is the customer lifetime value per year. Multiply by years to see total potential.
12	Total hours delivered annually:	$\begin{aligned} &\text{Funded weeks} \times \\ &\text{funded hours} + \\ &\text{holiday weeks} \times \\ &10 \\ &= \end{aligned}$	Lets you calculate your *real average

Review Your Averages

Use your total annual income and total hours to understand your *real* hourly income rate the best indicator of long-term sustainability.

Metric	Formula	Example
Total annual income per child	(Funded + Contribution + Holiday Income)	£10,470
Total annual hours delivered	(Funded hours × weeks) + (Extra hours × holiday weeks)	1,700 hrs
Average hourly income	Total income ÷ Total hours	£6.16/hr

This figure shows your “blended rate” - the true average hourly income across the whole year. It helps you plan beyond individual funding bands.