Old vs New CLV Journeys - The Power of Retention

Customer Lifetime Value is about understanding the full journey, not just the funding rate this term. In the past, a child's funded time might have been around 18 months - worth about £10,000 in total.

Now, with the expansion, that same child could stay with you from 9 months to 4 years - worth nearly £40,000 in predictable funding. The real power here is retention. When children stay longer, you stabilise staffing, create deeper relationships, and strengthen your financial base.

That's the story we need to tell - not that funding is limited, but that it's now longer, steadier, and a true foundation for sustainable quality.

Purpose

To show how the length of a child's funded journey directly impacts the total predictable value (Customer Lifetime Value) to a setting - and how retention underpins sustainability.

Worked Example

Model	Age of Entry	Funded Duration	Average Hourly Rate (across age bands)	Funded Weeks per Year	Total Funded Value per Child
Old Model (Pre-Expansion)	3 years	1.5 years (age 3–4)	£6.00/hr	38	**£10,260**
New Model (Post-Expansion)	9 months	3.5–4 years (9m–4yrs)	Blended average £9.30/hr	38	**≈ £39,615**

Assumptions:

- Funded hours: 30 per week
- Weeks: 38 per year
- Age band rates: Under 2s £11/hr, 2s £9/hr, 3–4s £6/hr
- Weighted average across journey ≈ £9.30/hr

Retention Impact Example

Retention Scenario	Years in Setting	Total Funded Value	Notes
Short Stay	1.5 years	£10,260	Typical pre-expansion funded child (joined at 3).
Medium Stay	2.5 years	£22,200	Joined at age 2; stayed through to preschool.
Long Stay	3.5–4 years	£39,615	Joined at 9 months and stayed to school entry.

Key Takeaways

- **Longer funded journeys = higher Customer Lifetime Value (CLV).**
  The longer a child stays, the more predictable the income stream becomes.
- **Retention = stability.**
  Keeping families from baby to preschool strengthens cashflow, staffing stability, and continuity of care.
- **Funding + relationships work hand in hand.**
  Sustained enrolment supports both business sustainability *and* high-quality outcomes for children.
- **Even for children who would have attended before age 3**, funding expansion has increased CLV because **current funding rates often exceed average private fees** (SCEYP 2024: £7.84 for under 2s, £7.59 for 2s).