



# HOW TO START A CHILD DAY CARE BUSINESS

**A QUICK GUIDE TO  
STARTING A CHILD  
DAY CARE BUSINESS**



# A GUIDELINE FOR STARTING A CHILD DAY CARE BUSINESS



A day care centre or a day care provider provides for the care needs of children on a regular basis and is subject to the Children Act 1998, the Day Care Centre Regulations 1999 and the Child Care Standards 2018.

In the case of a pandemic, or health crisis, potential owners of Day Care Centres and Home Care Providers are encouraged to read and adhere to the [COVID-19 Guidance for Reopening Day Care Centres and Home Care Providers](#)

There are two child care businesses that currently require licencing or registration with Department of Health – a Day Care Centre or a Day Care Provider respectively. A Day Care Centre is a place where day care for children is offered on a regular basis for reward to four or more children who are not of common parentage. A Day Care Centre can be known as a day care centre, child care centre,

nursery, nursery school, kindergarten or other name. But it is strictly for children under the lower limit of compulsory school age (five-years-old).

A Day Care Provider is someone who cares for not more than three children in a premise, usually their homes, as approved by the Director of Health.

When considering starting a business caring for children there are some questions you should ask yourself:

- Why do you want to start this business?
- Is there a demand for the service you intend to provide?
- Is there a shortage of quality care facilities?
- Do you have a passion for working with and teaching children?
- Do you have the necessary management and administrative skills to

pursue this business venture or will you need additional training?

- Be advised that there may be some upfront costs that you may have to account for as you conduct your research.
- Check the [checklist](#), under **Resources**, to ensure you're up to date on regulations

If you're still wondering is this right for you BEDC has a course for you! The [Think like An Entrepreneur Programme](#) is an 8-week challenging learning experience designed to reveal new opportunities, ignite your ambition and foster skills that will empower you to reach new heights as an entrepreneur. This course runs twice a year once in the spring and winter.



## 1 Matching Your Desires To The Market Demand

### The Right Market Research Is Key to Your Success

#### Conduct Market Research:

- [Child Care Regulation Programme](#)
- [Department of Statistics](#)
- Parish Councils – depending on where you would like to locate.
- BEDC Business Register

**Gain experience** – if you are new to this industry, consider working in a child care setting to learn what is required prior to starting your own. All Persons in Charge of a Day Care Centre must have at least one to three years' experience in a Day Care Centre depending on their qualifications.

**Mystery shop** – visit other care facilities. Investigate their procedures and customer service so you can ascertain what opportunities may exist.

**Review** the [Children Act 1998](#), the [Day Care Centre Regulations](#) and the [Child Care Standards](#) to find out what the minimum requirements are.

**Get certified** – Ensure you have the appropriate qualifications for your role in the Day Care Centre. The owner is not required to have an Early Childhood Education, but the Person in Charge, Deputy and Staff are required to have an Education. All Day Care Centres must have at minimum two staff to open.

**Identify the right Location** - request a consult with the Child Care Regulation Programme if you have any questions and prior to signing a lease or buying

- Is the location you want easy to find?
- Are you located in the Parish that you are servicing?
- Is there access to a public road?

- Are there any competitors in the vicinity?
- Is there ample parking?
- How many children? – A minimum of 25 sq ft is required per child inside and 50 sq ft outside.
- Is the facility on the ground floor?
- Will you be leasing or purchasing a property?
  - Use a real estate agent to help you identify available properties
  - If leasing, negotiate terms with the landlord regarding any modification of the space.

Identify the **Strengths, Weaknesses, Opportunities** and **Threats** of your Business.

## 2 Knowing The Numbers

What are the costs to establishing your child care facility? Consider the following:


- Equipment – Toys, cots, materials
- Personnel expenses – qualified staff, benefits, etc.
- Licence or Registration Fees – Day Care Licence, Fire Certificate
- Other fixed costs (Rent, electricity)
- Variable costs? (groceries, cable, field trips)

You can use the [BEDC Sources & Uses of Funds Statement](#) to help tally these expenses. When identifying your expenses, take account of your own personal financial situation.

When identifying your expenses, take account of your own personal financial situation. You can use our [Personal Financial Statement](#) to access your individual financial position at a given point in time.

- How many clients do you need to see to breakeven?
- Identify your worst-case scenario, so that you can plan for it.
- Prepare a [cash flow projection](#) that includes the assumptions that you make regarding your income and your expenses.





If you still need assistance with knowing the numbers BEDC has a course for you! [Financial Statements Planning and Costing using QuickBooks](#) is an 8-week course focused on getting business owners to accurately price and cost their products and services, review and understand financial statement and to learn how to use basic QuickBooks functionality. This course runs twice a year once in the spring and once in the winter.

### 3 Government Approvals

#### [Department of Planning](#)

- Will you have to modify your space? If so you will need planning approval.
- Confirm what type of zoning is in place. Residential 1 allows for usage of care facilities.
- Confirm if you can use the property for Social usage or if you will have to apply for change of use.
- Ensure that you have a building permit once you get planning approval.

#### [Department of Health](#)

- You will have to apply for a licence or to Register with the Child Care Regulation Programme within the Department of Health in order to open a child care business. Visit the Child Care Regulation Programme website for steps to apply for a licence or registration:  
<https://www.gov.bm/child-care-regulation-programme>

#### [Payroll Tax](#)

- All businesses are responsible for registering and paying Payroll Tax. Payroll Tax is governed by the [Payroll Tax Act 1995](#) is a tax payable by employers on the total salary, wages and benefits paid out to employees and self-employed persons. You will need to complete a [Registration form](#) to get a Payroll Tax ID # and this is what you will use to make your quarterly payments. If you have any questions about this process you can contact the Tax Commissioners Office and one of their Officers can assist you in completing your form.

- The Government of Bermuda has pledged to provide [new tax relief](#) for entrepreneurs of new startups to assist them in creating new jobs. Therefore, entrepreneurs who register and meet the criteria established by the BEDC in the creation of a new business will be exempt from the employer portion of payroll tax for themselves and any employees for the first year of business.

#### [Department of Social Insurance](#)

- Every employed or self-employed person who works more than four (4) hours a week is required to pay contributions into the Contributory Pension Fund (CPF). In most cases if you have ever been employed you and/or employees will already have a Social Insurance Number. If this is the case, you will have to contact the department to advise them that you will assume making the payments. Log on to their [website](#) to get the most current Social Insurance Rates.

#### [Department of Immigration](#)

- If you are hiring foreign staff, you will need to apply for a work permit. You can get the [Work Permit Policies Document](#) here.

#### [Pension](#)

- As a Self-employed Person you must apply for registration of a Self-employment Pension Plan in accordance with the Act and the Regulations, if you:
  - are Bermudian or the husband or wife of a Bermudian; and
  - are between the age of 23 and 65; and
  - have pension-able earnings from self-employment exceeding \$20,000, in a calendar year.

For more information on the requirements for establishing a pension visit the [Pension Commission](#) website.

#### [Employment Act](#)

- Will you have employees? If so, then The Employment Act is the minimum standard of regulations governing employment in Bermuda. The Act sets out guidelines and sets out the minimum conditions of employment.





## 4 Legal Issues & Insurance

### Determine the structure of the company

- **Sole Proprietorship** - has only one owner. This is the simplest form of business. You are personally liable for the business' obligations. All debts are your debts. You own all the assets, but at your own risk.
- **Partnership** - involves more than one person or partner and requires a bit more formality. It can be either a general partnership or a limited partnership. In a general partnership, partners manage the business and its obligations together. All general partners work in the business and share in its income and debts. Sample partnership agreement are available at [www.bedc.bm](http://www.bedc.bm). In a limited partnership, general partners operate the business while limited partners are silent investors who retain no control over the way the company is run.
- **Limited Company (LTD)** - A corporation is an independent legal entity that is separate from its owner(s).

There is a clear separation between the owners' wealth and the assets of the business.

- **Limited Liability Company (LLC)** - A Bermuda LLC is a separate legal entity, and its members have limited liability, much like a corporation. In common with a partnership, however, the affairs of a Bermuda LLC are governed by an agreement rather than by statutorily mandated constitutional documents. This affords great flexibility.

**Health** – Health Insurance is a requirement for all businesses. Contact local providers to find out the best rates for your business. The Health Insurance Regulations Act requires all employed and self-employed persons to have a contract of health insurance either with a private insurer or the Health Insurance Plan (HIP), the minimum requirement, for all employees and their non-employed spouses. The Act makes provision for all matters relating to health insurance in Bermuda.

**Liability** – In addition to health insurance for you and your employees, you will also need to invest in Liability insurance to protect your customers and yourself. Liability Insurance is important for those who may be held legally liable for the injuries of others, like doctors or care providers, and business owners. You can contact any of the local insurance companies to get quotes on the cost for coverage.

**Workers Compensation** - a form of insurance that reimburses an employer for damages that must be paid to an employee for injury occurring during the course of employment.

- Law requires that an employer (1) provide employees a safe place to work, (2) hire competent fellow employees, (3) provide safe tools, and (4) warn employees of an existing danger.

If an employer fails to provide the above, the employer is liable for damage suits brought by an employee and possible fines or prosecution.

## 5 The Business Plan

Take the information you have gathered and compile it into a written document that you can reference to help guide you. The plan can also be used to help you obtain financing if needed. You can use the [BEDC Business Plan Checklist](#) to help guide you; however, the components of most plans include the following 7 headings:

- **Executive Summary:** Write this last. This is a summary of your plan and quickly lets the reader know, what you need and why you need it.
- **Company Description:** Legal establishment, history and start-up plans, etc.
- **Product/Service:** Describe what you're selling. Focus on customer benefits.
- **Market Analysis:** Know your market, customer needs, where they are and how to reach them.
- **Strategy and Implementation:** Be specific. Include management responsibilities with dates and budget.
- **Management Team:** Include backgrounds of key members of the team, personnel strategy, and details.
- **Financial Plan:** Include profit and loss, cash flow, balance sheet, break-even analysis, assumptions and business ratios, etc.

If you require additional help with formulating a Business plan BEDC has a course for you! [Entrepreneurship 101](#) is an 8-week course where you will learn how to take your idea and turn it into reality with the foundation of a solid business plan. Throughout the course there will be industry professionals who will give presentations to help you with important information to ensure

small business success. This course runs twice a year once in the spring and once in the fall.

## 6 Financing The Business

Check out the [BEDC Government Incentive Guide](#) to see what might be available to assist you.

**Loans**– Do you need to get a bank loan? If so be sure you are ready by making sure that you have:

- A detailed Business Plan
- Business Financial Statements
- Personal Financial Statements for the owners and/or guarantor
- Details of the collateral available to support the loan
- Documents that support the amount requested
- Any legal documents related to the business. (i.e. Lease, Incorporation Documents)
- Identification for individuals (proof of Bermudian Status)
- The 5 C's:
  - **Character:** What is your business experience? How have other loans been managed both business and personal? What is the reputation of the business?
  - **Credit capacity:** The bank will assess your ability to repay.
  - **Capital:** What are the assets of the business and the guarantor?
  - **Collateral:** What security can be put forward to support the financing?
  - **Conditions:** The Bank will identify the main risks for the industry and the market it operates in and include financing terms to mitigate these risks.

**BEDC Guarantee** - The BEDC can act as a guarantor for up to 75% of a bank loan for small or medium sized businesses that

appear viable and where the credit worthiness of the borrower is sound. As guarantor of last resort, the maximum BEDC guarantee amount is \$200,000. Any small or medium sized business with no other means of collateral (cash, real estate, equipment, vehicle chattel, inventory, etc.) may contact the BEDC and apply for the BEDC guarantee. Check out the [10 Step Guarantee Process](#) for more details on applying for the BEDC Guarantee.

**BEDC Micro Loan** - BEDC has allocated \$100,000 in funds to be used to facilitate small loans in amounts from \$2,500 up to \$30,000. The BEDC will offer a 100% guarantee on the loans to qualified applicants. Visit <http://www.bedc.bm> for more information on the Micro Loan.

**Bootstrapping** – is defined by [Investopedia](#) as “a situation in which an entrepreneur starts a company with little capital. An individual is said to be bootstrapping when he or she attempts to fund and build a company from personal finances or from the operating revenues of the new company.” Can you start your business in phases, using your own personal funds and sweat equity?

**NOTE:** Any financial product that you may apply for, a credit check will be performed, so please ensure you are up to date with payments or payment arrangements for any debt referred to the credit association.



Bermuda Business starts here at BEDC and BEDC is the first stop for local business in Bermuda. For more information and assistance with getting your daycare business started, visit our website at [www.bedc.bm](http://www.bedc.bm), email us at [info@bedc.bm](mailto:info@bedc.bm) or call 292-5570 to schedule an appointment to speak one-on-one with one of our dedicated officers.

## 7 BEDC Support Services and Programmes

### EEZ Zones (St, Georges, North East Hamilton & Somerset)

#### What is an EEZ?

An EEZ is an area of land that the Minister of Finance has designated to benefit from economic empowerment under section 2A of the Act. Economic Empowerment is achieved by allowing duty concessions on certain goods to be used in the development of properties situated within an EEZ.

- **EEZ Payroll Tax Concessions**- Any business located in an EEZ zone can apply for BEDC for a Payroll Tax Relief Letter. The letter will only give the tax concessions (which is the lowest rate) for up to 9 tax periods from the commencement of the business.
- **NEHEEZ businesses**- can receive preferential rates and terms from Butterfield Bank on Small Business, Commercial and Residential Loans.
- **Duty Deferment**- A deferment, or deferral of customs duty means that the payment of duty is made some point in the future and not at the time of importation. This is not an exemption of customs duty; the full duty is still charged and payable against the imported goods; but the full payment is simply delayed.

### Letter of Credit Programme

BEDC has partnered with the HM Customs and allocated \$200,000 in fund annually to be used to facilitate lines of credit in amounts up to a maximum of \$10,000 to assist businesses in importing goods for retail sale in Bermuda.

### Educational Courses

- **Think Like An Entrepreneur Programme**- an 8-week challenging learning experience designed to reveal new opportunities, ignite your ambition and foster skills that will empower you to reach new heights as an entrepreneur.
- **Entrepreneurship 101**- an 8-week course where you will learn how to take your idea and turn it into reality with the foundation of a solid business plan. Throughout the course there will be industry professionals who will give presentations to help you with important information to ensure small business success.
- **Financial Planning and Costing using QuickBooks**- an 8-week course focused on getting business owners to accurately price and cost their products and services, review and understand financial statements and to learn how to use basic QuickBooks functionality.
- **Planning for Profit using Quickbooks** - an 8 week course, participants will learn how to utilise the Quickbooks software to manage inventory, employees and run reports. Participants should have their business already set up in Quickbooks or have taken the Financial Statements, Planning & Costing Using Quickbooks course.





- **Adhoc Training and Seminars-** BEDC offers monthly seminars based on feedback of topics from our users.

**Global Entrepreneurship Week - GEW** is the world's largest celebration of the innovators and job creators who launch start-ups that bring ideas to life, drive economic growth and expand human welfare. One week in November GEW inspires people everywhere through local, national and global activities designed to help them explore their potential as self-starters.

#### **Signature Events of GEW**

- **Rocket Pitch** - An island wide business plan competition for emerging entrepreneurs to submit a plan and present to judges and win cash and prizes to assist with their business start-up.

- **Women's Entrepreneurship Day-** Bermuda celebrates with over 144 nations in observing WED to celebrate the work of women entrepreneurs.

- **BEDC Business Awards** - these awards are a celebration of Small Business owners and local entrepreneurs. There are a range of categories and awards are distributed to the category winners during a night of elegance.

- **Enterprise Bermuda-** The [Enterprise Bermuda Incubator](#) programme focuses on walking participants through an in-depth twelve-month development process, which ensures the entrepreneurs get beyond the idea stage and start to bring their businesses to fruition. the resources and support that is needed through, mentorship,

in-house courses, workshops and seminars, as well as advice and mentorship from professionals in the private sector to help develop the business over a 9-month period.

The programme is offered at the start of the year and applications open in November. Visit [www.bedc.bm](http://www.bedc.bm) for more information.

**Vending License** - BEDC offers vending licenses to persons who sell, offer, or expose goods for sale in a public place. A vending license can be issued on an annual basis or a temporary basis up to 3 months.



The background of the entire page is a photograph of a woman with dark skin and curly hair, smiling as she interacts with two young children. They are sitting at a dark wooden table covered with various colorful alphabet blocks and toys. A large window in the background shows a view of a city. The overall tone is warm and community-oriented.

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