

## Manchester City Council Report for Information

**Report to:** Children and Young People Scrutiny Committee – 7 December 2022

**Subject:** An update on the structural condition surveys for Council-owned Early Years buildings and future works

**Report of:** Director of Education

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### Summary

A report went to Executive in June 2021 which approved £3m capital to be spent on priority safety work for Council owned Early Years buildings, many of which are also used to provide daycare for children. This report provides an update on the structural condition surveys for these Council-owned Early Years (EYs) buildings and the development of a priority capital works programme which will lead to the inclusion of these buildings in the Asset Management Programme (AMP). In addition, there is an update on the progress made on reviewing lease arrangements for the private day care providers which occupy these buildings and the ongoing management of the early years estate.

### Recommendations

The Committee is recommended to: -

- Consider and comment upon the update provided in this report.
  - Note the first sites receiving capital investment
  - Note the approach taken to review daycare leases
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### Wards Affected: All

**Environmental Impact Assessment** - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

Improvements to the estate will contribute to the City's carbon neutral targets both directly through improvements to infrastructure and indirectly using contractors from the City's minor works framework who have made carbon neutral pledges.

**Equality, Diversity and Inclusion** - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments

Commitments to improve the sustainability of childcare and early learning settings on City Council premises serve to benefit all families resident in the City but particularly those from Black, Minority and Ethnic communities and families with a child with a disability who often experience the most disadvantage in the childcare market. Strategies to support the sustainability of early learning and childcare opportunities will safeguard valuable and inclusive provision. MCC contracted

nurseries are located within deprived wards and support both children and families living locally and those travelling into the City for employment and training.

<b>Manchester Strategy outcomes</b>	<b>Summary of how this report aligns to the OMS/Contribution to the Strategy</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Early Years childcare is essential to enable families to access employment opportunities.
A highly skilled city: world class and home grown talent sustaining the city's economic success	In addition to enabling parents/carers to access employment and training, this strategy will help to ensure that children are equipped with the skills which they need when they start school.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Early Years SSCC at hubs of the community offering opportunities to access local support when needed.
A liveable and low carbon city: a destination of choice to live, visit, work	Investment in the Early Years estate will reduce carbon emissions and improve the efficiency of buildings from which childcare and early learning opportunities are delivered.
A connected city: world class infrastructure and connectivity to drive growth	Childcare is a vital component of the foundational economy. MCC contracted daycare supports local communities to access childcare where they need it.

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

### **Financial Consequences – Revenue**

There are pressures on the Early Years budget caused by termination of some tendered daycare leases but this is managed through: strategies to improve the use of vacant buildings and those identified as surplus to requirements.

Under the terms of the current day care leases, costs of shared sites are fully absorbed by the daycare provider. As the Council benefits from the space available and the continuity of service delivery from these sites, it would seem reasonable to contribute to the costs associated with delivery. In the longer term any additional contribution would be funded from renting out EY buildings that are currently vacant. It is estimated that it will take EY services 2 years to achieve this. In the short term the additional contribution will be funded by the existing service budget allocation.

## **Financial Consequences – Capital**

To date £2.5m is committed to 11 sites in Phase 1 and a further £100k on additional surveys required across the estate. The remaining £400k will be committed imminently to address priority works from the remaining EYs sites (Phase 2). Total spend amounting to £3m.

The programme includes, subject to approval, the scoping and design for the next phase safety and statutory compliance responsibilities. A budget of up to £3m (including contingencies) to meet statutory responsibilities in a further fourteen properties is proposed.

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### **Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy, please contact one of the contact officers above.

Report to 30 June 2021 Executive Early Years – Tendered Day-care settings

## **1.0 Introduction**

- 1.1 This report provides an update on the £3m capital investment in priority works on the Early Years (EYs) estate. There is a total estate of 11 buildings included in phase 1 of this programme, all of which include a private day care provider which has a lease with the Council for use of the building.
- 1.2 This report provides an update on the structural condition surveys for Council-owned Early Years (EYs) buildings and the development of a priority capital works programme which will lead to the inclusion of these buildings in the Asset Management Programme (AMP). In addition, there is an update on the progress made on reviewing lease arrangements for the private day care providers which occupy these buildings and the ongoing management of the early years' estate.

## **2.0 Background**

- 2.1 Manchester benefits from a high quality, mixed economy of childcare provision which supports parents/carers to access employment and training while providing early learning opportunities that prepare children well for primary school. At the time of writing this report, there are 147 group daycare settings and 296 childminders registered with Ofsted, of which 95% are judged to be good or outstanding.
- 2.2 Legislation requires Local Authorities to secure sufficient childcare, as far as is reasonably practicable, for working parents, or parents who are studying or training for employment, for children aged 0-14 (or up to 18 for disabled children). In addition, under Section 6 of the Childcare Act, local authorities are required to shape and support the development of childcare in order to make it flexible, sustainable and responsive to the needs of the community.
- 2.3 In 2013, Manchester City Council (MCC) withdrew from childcare delivery, contracting a number of third-party daycare providers to deliver from MCC children's centres. As a result, the City benefited from an increased number of early learning places. Daycare providers assumed full responsibility for the repair, maintenance and running of the buildings some of which were shared with the Early Years Core Purpose. In these instances, MCC paid a contribution towards the space occupied by EYs 'Core Purpose'. The majority of costs, including those associated with shared spaces (public toilets, reception areas and corridors) fell to the daycare provider. The new arrangements safeguarded and increased high quality childcare and early learning opportunities in some of the most deprived parts in the City. However, between 2015 and 2019, 17 daycare contracts and leases were terminated by daycare partners owing primarily to the challenges and expense of maintaining the buildings.
- 2.4 In 2019, a decline in 2 year old Free Entitlement to early learning (FEE) take up across Greater Manchester (GM) prompted a collaborative effort to increase access to early learning by eligible families. Notwithstanding the impact over the period 2020-21 of Covid-19, in the past 12 months, take up of

Free Entitlement to Early Learning for 2 year olds (FEE) in Manchester has averaged 70% which is above the national average. Factors including a falling birth rate, the Covid-19 pandemic and financial pressures on the childcare sector have adversely affected access to early learning opportunities.

- 2.5 Examples of action taken in the past 12 months to increase the take up of free early learning and childcare opportunities has included;
- Commissioning local community groups in Longsight and Cheetham to promote 2 year old FEE to members of the Bangladeshi and Pakistani Communities through established networks and events.
  - Contributing to the development of a GMCA funded communication strategy to promote the 2 year old FEE offer through a network of mosques in addition to the development of social media assets produced in Urdu and Bengali.
  - GM strategy to increase 2 year old FEE take up focusing on an underperforming neighbourhood in each LA. Manchester is already on track to achieve its aim to increase take up in Gorton, Abbey Hey and Levenshulme from 58% to 68%. Strategies to achieve this have included greater promotion of REAL and Stay Play and learn sessions by Outreach workers. Plans to open new daycare at Gorton South (Sacred Heart) Children's Centre in early 2023 will further enhance this situation.
  - From November, the provision of email addresses and contact numbers for families eligible for 2 year old funding will enable additional opportunities to further promote the offer.
  - There have also been drives to increase the take up of Early Years Pupil Premium, Disability Access Fund, Tax Free Childcare and 30 hour free childcare. The aims have been both to extend access to opportunities for families but also to ensure daycare providers are maximising the funding available to them to continue to provide high quality, flexible and accessible childcare and early learning opportunities in the City.
- 2.6 Manchester has passed on the full increase in Government set early years place funding to the sector. However, the increase in funding is not in line with inflation and as such has had limited impact on the rising costs of service delivery which are severely impacting the sustainability of the sector. Daycare settings are struggling to recruit and retain high quality and qualified staff due to the physical and emotional demands of the work compared to the uncompetitive rates of pay available. Settings report high levels of investment in failed recruitment, staff leaving to take up employment in other sectors, particularly retail and experienced staff reluctant to complete Level 3 qualifications where the rewards do not justify the level of responsibilities expected.
- 2.7 Within this context, there are examples of nurseries capping places and reprofiling their staff team, in some cases reducing to term time only provision and making redundancies. A rise in the numbers of children with additional needs identified in the early years has also led to some nurseries beginning to limit admission which in turn puts a strain on other support services and which may impact upon the success of transition to school arrangements.

- 2.8 In June 2021, Executive approved a £3m investment budget to address capital priorities across the Early Years estate as well as a further £0.7m allocation for the Early Years Estate within the City's Asset Management Plan (AMP). It also approved the review of all daycare leases on MCC premises as well as proposals to review the management arrangements of several Early Years buildings.
- 2.9 Financial pressure in the sector has the potential to impact upon the quality and sustainability of daycare delivery. Although Manchester currently has sufficient childcare to meet the needs of children and their families and enjoys high levels of quality provision, supply can fluctuate depending upon Ofsted outcomes and individual business circumstances.
- 2.10 The review of tendered daycare sought to achieve the best use of buildings within the estate. In a few limited instances, buildings have been disposed of to Corporate Estates to support potential new housing initiatives, to provide temporary accommodation for a primary school undergoing major capital works and to provide space for community based services. Individual strategies are being developed around other vacant daycare space in buildings where Early Years Core Purpose is delivered as well as in the remaining few vacant standalone buildings.

### **3.0 Main issues**

- 3.1 The childcare sector has been severely impacted by a turbulent economic period. At a national level, like other parts of the care sector, childcare has faced labour shortages and increased running costs whilst government set Early Years' place funding rates have not increased in line with rising costs.
- 3.2 Here in Manchester, between 2015 and 2019, daycare tenants gave notice on 17 daycare leases consistently expressing concern over the difficulties of maintaining leased properties. To better understand the properties, during 2020/21, building condition surveys commissioned revealed that significant investment was required in the estate and that maintenance of the estate varied considerably.

### **4.0 Priority capital spend on the Early Years estate 2022/23**

- 4.1 Following approval of the priority capital budget, a task and finish group comprising officers from Early Years, Corporate Estates, Capital Programmes and Education Finance was established. By November 2021, a list of priority sites had been agreed, informed by the 2020/21 condition surveys and childcare sufficiency data for the areas they served. Sites were prioritised where they were in wards showing insufficient childcare and/or early learning opportunities, where investment was critical and where there were specific known building concerns to be addressed.
- 4.2 The 2020/21 building condition surveys provided an in-depth assessment of the range and types of work required across the estate. Capital options were grouped into three categories; Priority 1 - works required to meet Health &

Safety and Statutory Compliance; Priority 2 - works required within 5 years to ensure operational continuity; Priority 3 works which are likely to need completing but not within the next 5 years.

- 4.3 In working within the £3m budget, the focus has been to address the priority Health & Safety/Statutory Compliance works across the settings in most need of investment and supporting childcare sufficiency across the city through progressing Priority 1 works and focussing on 11 sites which were identified as priorities. Detailed designs were completed for each site and organised into work packages which were progressed through Capital Programmes Minor Works Framework.
- 4.4 Work package negotiations to agree timescales and target costs, were completed for individual work packages between April and July 2022. Contractors reported delays in providing some costs because of disruption to the supply chain caused by national and international events. As a result of the changes in the market, target costs, in common with capital works across the sector are proving higher than originally anticipated.
- 4.5 Specialist surveys provide further details of works informing priorities and shaping the planned programme to meet service priorities and statutory compliance across the city. A review of information from the surveys in addition to sufficiency assessments enabled priorities to be adjusted with works at Debdale Community Play Centre prioritised this year with less critical work to Sharston and Sale deferred for the time being. The work programme needs to continue to adjust to further information provided. Contingencies for meeting change within existing approved budgets are included in the programme going forward
- 4.6 Capital works are specific to each site but include work such as alarm and electrical testing/works, replacement roof panels/rooflights, repairs to soft play areas, hot and cold water supply and ventilation. This is not an exhaustive list but gives an indication of the types of works being performed across priority sites.
- 4.7 Between July and the end of September 2022, contracts were completed for the first 4 work packages. Capital works commenced at Gorton South (Sacred Heart) and Old Moat Children's Centres in the week commencing the 3rd October 2022 with other work packages planned to follow sequentially. Work package 5 is expected to have completed procurement by early 2023.
- 4.8 Additionally, in supporting statutory responsibilities, asbestos management reports and fire risk assessments are being commissioned for buildings that require them across the Early Years estate to supplement the condition reports completed in 2020/21. These are expected to be completed before the end of April 2023 subject to contractor capacity.
- 4.9 Phase 1 works will comply with the City's internal carbon specification. It is expected that these capital works will contribute positively to the operational efficiency of the systems in place by ensuring that they are running effectively

and are maintained correctly and that more carbon friendly options will be considered in all situations.

- 4.10 Decarbonisation surveys are currently being completed for several Early Years buildings, the findings of which will further inform any future works. It is also worth noting that the minor works framework requires a commitment from contractors to the City's carbon neutral aims

**Table showing the scheduling of priority capital works on EYs buildings;**

<b><i>Work Packages and Sites</i></b>	<b><i>Start dates</i></b>	<b><i>Expected Completion dates</i></b>
<b>Work Package 1</b> Gorton South (Sacred Heart) CC Old Moat CC	3rd October 2022	December 2022
<b>Work Package 2</b> Boxgrove CC Woodville CC Higher Blackley CC	November 2022	February 2023
<b>Work Package 3</b> Rusholme CC Burnage CC	End November 2022	March 2023
<b>Work Package 4</b> Levenshulme CC Winstanley Road CC Woodhouse Park CC	December 2022	April 2023
<b>Work Package 5</b> Debdale Park CC	March 2023	July 2023

#### **4.11 Priority capital spend forecast for 2022/23**

The £3m priority capital expenditure on the Early Years estate is fully committed and is expected to be largely completed within the 2022/23 financial year although there may be some over spill into 2023/24 dependent on risk factors built into the existing programme of work.

#### **5.0 Phase 2 Early Years Estate capital priorities 2023/24**

- 5.1 Following a similar assessment process, a further fourteen settings have been identified as requiring capital investment to address statutory compliance and health and safety concerns. Of these, four offer daycare alone, seven are shared with the Early Years Core Purpose and three settings can be described as shared sites but do not currently have daycare delivery on site.
- 5.2 None of the fourteen sites are in wards where there is a current childcare sufficiency concern. However, it is recommended that Health & Safety and statutory compliance concerns are addressed at each of the properties.



- 5.3 An understanding of the likely budget required to complete these works will be gathered from the 2020/21 building condition surveys and informed by the more recent costings for the Phase 1 work packages.
- 5.4 A range of individual strategies are being developed for vacant daycare sites/spaces in the Early Years estate. Appendix A shows Early Years sites which are either vacant/closed or shared sites containing vacant daycare space.
- 5.5 Moss Side Children's Centre closed in November following the relocation of the Early Years Core Purpose to St Mary's Primary School and services being delivered remotely across the local area. The daycare provider has entered into a private lease on daycare premises in Hulme starting in November. The Moss Side site will be transferred to MCC's Development Team and options will be explored including the development of affordable housing.

## **6.0 Review of tendered daycare leases**

- 6.1 Following consultation with the daycare providers in areas where there is no longer a childcare sufficiency need, four daycare contracts and leases have been terminated. In two of these instances, the daycare partner has entered into new arrangements to deliver daycare from alternative Early Years premises in an area of identified childcare insufficiency. Please see below for more information;
- Manchester College ceased daycare delivery at both Harpurhey Children's Centre and Moston Children's Centre in July 2022. Early Years officers provided support to the College, staff, and parents/carers to ensure the transfer of all children to alternative, suitable provision and to support staff to access alternative employment.
  - Tiny Tigers ceased daycare delivery at Cheetham Park Children's Centre in July 2022 and is in the process of agreeing terms to deliver daycare at Gorton South Children's Centre. Due to the planned capital works starting in September 2022, the daycare is expected to open at this site in Spring 2023.
  - Georgie Porgies ceased daycare delivery at Moss Side Children's Centre in September 2022. Georgie Porgies have agreed terms to deliver daycare at Woodhouse Park Children's Centre.
- 6.2 Options for each of the four sites vacated in addition to already vacant sites are being developed with Corporate Estates, the Development Team and other Council services.
- 6.3 Lease reviews for the rest of the estate have focused upon those leases which have reached, or are about to reach, their expiry date. Assessments show that some lease arrangements have evolved at site level since their inception. It is proposed that leases are revised and updated to reflect current and future service delivery.

6.4 In light of the financial pressures detailed previously, options are being considered to support daycare providers to maintain high quality and sustainable childcare where they have a daycare contract to deliver in a Council property.

## **7.0 Conclusion**

7.1 Early Years has responded to the challenges being experienced by high quality daycare providers delivering within the Early Years estate by commissioning a suite of condition surveys to assess the condition of the estate. It has successfully secured £3m of capital funding and committed the vast majority of that in a programme to address priority health and safety and statutory compliance concerns at 11 sites. A further 14 sites have been assessed as requiring a programme of work to address similar concerns and costs are being developed.

7.2 Reviews of the management of the Early Years estate has resulted in some daycare leases being terminated and in some instances the relocation of daycare tenants to premises in wards with an identified undersupply.

7.3 Lease reviews are being conducted to ensure best value for both the City Council and our daycare partners as they strive to delivery high quality, accessible services for children and families during a cost-of-living crisis which is severely impacting sustainability.

7.4 Short term investment is required to support the strategy to renegotiate daycare leases and secure the future of high-quality daycare providers within the Early Years estate.

## **8.0 Recommendations**

- Consider and comment upon this report and the update provided
- Note that strategies are being developed to provide short term investment to offset costs arising from daycare lease negotiations.