

## **Manchester City Council Report for Information**

**Report to:** Children and Young People Scrutiny Committee – 6 December 2023

**Subject:** A progress update on Childcare Sufficiency 2023 and the Early Years Capital programme

**Report of:** Strategic Director of Children and Education Services

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### **Summary**

Local authorities are required by legislation to secure sufficient childcare, as far as is reasonably practicable, for working parents, or parents who are studying or training for employment and for children aged 0-14 (or up to 18 for disabled children). They are also required to shape and support the development of flexible and sustainable childcare which is responsive to the needs of the community. Childcare provision in Manchester continues to be of an extremely high quality and there are currently no settings judged to be inadequate in the City.

Manchester's Childcare Sufficiency Report 2023 reveals that there are sufficient places to meet current demand, but pressure is likely to build in response to the expanded entitlements launching in 2024. This is being carefully monitored and plans are being developed to respond to potential demand.

This report also includes a summary of progress to date on the capital investment made in the city council's Early Years estate.

### **Recommendations**

The Committee is recommended to:

- Consider and comment upon the update provided in this report.
  - Review and note the outcomes of the Childcare Sufficiency Report 2023
  - Review and note the progress made on the capital investment into Manchester City Council (MCC) early years sites containing daycare.
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**Wards Affected:** All

<b>Environmental Impact Assessment -the impact of the issues addressed in this report on achieving the zero-carbon target for the city</b>	Improvements to the estate are contributing 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.
<b>Equality, Diversity and Inclusion - the impact of the</b>	Commitments to improve the sustainability of childcare and early learning settings (including

<b>issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments</b>	<p>those on City Council premises) serve to benefit all families who are 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. Much of Manchester's childcare provision, and particularly MCC tendered provision, is located within deprived wards and support both children and families living locally and those travelling into the City for employment and training.</p>
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<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	Childcare and early learning 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 ensure that children are equipped with the skills they need when they start school.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Childcare provision, especially MCC tendered daycare, provides 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. Strategies to support sustainable childcare will enable residents to participate in the City's thriving economy.

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

## **Financial Consequences – Revenue**

Funding has been allocated to Manchester City Council (MCC) to roll out the Wraparound Childcare programme between September 2024 and September 2026. Costed delivery plans will be submitted to the DfE (Department for Education) to monitor expenditure and performance outcomes.

Alongside this the Dedicated Schools Grant funds 2–4-year-old free entitlement places, funding rates for which are expected to increase. The free entitlement funding is expanding to support a wider cohort of children from April 2024 onwards. To further support early years and childcare sufficiency, the Council is looking to review its daycare leases.

Under the terms of the current day care leases, costs of shared sites are fully absorbed by the daycare provider, and this has proved unsustainable. Different models are being considered to maximise premises and address revenue pressures.

## **Financial Consequences – Capital**

20 Early Years sites across 2 capital phases have received City Council investment of £5m over a 2-year programme. Extended works have been necessary at some Phase 1 sites, but these have been met within the risk allocation for each programme.

In addition to this, a capital award from the DfE is expected in coming weeks for the delivery of the Wraparound Childcare Programme which is likely to benefit primary schools, the out of school sector and early years providers.

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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<sup>th</sup> June 2021 Executive Early Years – Tendered Day-care settings  
Manchester's Childcare Sufficiency Report 2023

## **1.0 Introduction**

- 1.1 The quality of provision in the City continues to be high with 95% of Manchester settings and 93% of childminders judged to be Good or Outstanding by OfSTED. In addition, there are currently no settings judged to be Inadequate in the City. Despite the financial pressures faced by many settings, they continue to deliver high quality care and education to the children of Manchester.
- 1.2 For ease of reference this report is split into two halves; the first (from section to section 5.1) provides a summary of Manchester's Childcare Sufficiency Report for 2023, the second (from section 6 to section 10.2) summarises the capital investment being made in the Early Years estate containing daycare.
- 1.3 Manchester's Childcare Sufficiency report 2023 reveals that there is sufficient early education and childcare provision for pre-school aged children in Manchester when settings are operating at, or close to, their maximum registered places. Wards showing an undersupply of places are often bordered by wards which are oversupplied. Since the Covid-19 pandemic, demand for childcare has changed with families working differently to share childcare responsibilities. This is coupled with a fall in the 0-4 population of 7% since 2017/18. Daycare providers are operating in a turbulent economic period which has led to some nursery closures and changes to the market.
- 1.4 The report finds sufficient childcare to respond to the first phase of the newly announced expanded childcare scheme for 2 year olds in working households although assessments will be ongoing as to whether there is sufficient provision to support the extensions of the scheme planned for September 2024 and September 2025.
- 1.5 Significant progress has been made on delivering capital improvements to Early Years buildings within the City Council estate containing tendered early education and childcare. Lease reviews have commenced but require further investigation and assessment before firm agreements can be reached.

## **2.0 The Early Years National Context**

- 2.1 Childcare affordability is of national concern and is often cited as a barrier to parents/carers looking to access work. Government funding rates have not increased in line with the costs incurred by daycare providers, meaning that operating margins are tight and salaries in the sector are not competitive enough to retain qualified staff.
- 2.2 The DfE has consulted with the sector, with LAs (local authorities) and stakeholders on the factors affecting quality and sustainability. MCC submitted evidence to the March 2023 Education Select Committee Inquiry into childcare affordability and early education citing the challenges faced in the city to secure high quality, sustainable childcare, and early learning opportunities for those that need them. In its Spring budget statement, the Government announced;

- An expansion to the 15-hour childcare offer for working parents which will see the entitlement available to children from 9 months to 2 years of age.
- Investment into the development of self-sustaining Wraparound Childcare to support the parents/carers of primary school aged children to access employment.
- A supplementary grant to LAs enabling them to top up childcare funding rates between September 2023 – March 2024.
- Consultation on changes to the EYFS (Early Years Foundation Stage) and childcare funding rates from 2024.

### 3.0 Sufficiency of childcare and early learning opportunities in Manchester

3.1 Data shows that there is currently sufficient early education and childcare provision for pre-school aged children in Manchester when settings are operating at, or close to, their maximum registered places. However, since many nurseries are operating at around 80% place capacity due to staffing issues, cost of living pressures and inadequate place funding rates, sufficiency is further affected. In addition, settings are frequently working to tighter staff to child ratios in response to the high degree of emerging needs of the children in their care.

3.2 When sufficiency is measured using 80% place availability more wards are found to have insufficient childcare. The table below shows the impact on sufficiency of place availability at 100%, 80% and 70% capacity;

Place availability	Insufficient 2-year-old places to meet potential demand	Insufficient 3- & 4-year-old places to meet potential demand
At 100% capacity	Gorton & Abbey Hey, Longsight, Old Moat, Withington, Fallowfield, Woodhouse Park,	Gorton & Abbey Hey, Longsight, Old Moat
At 80% capacity		Moss Side, Brooklands, Burnage, Woodhouse Park
At 70% capacity	Moston	Rusholme, Levenshulme, Didsbury West, Sharston

3.3 Strategies are being developed to address insufficiency in these wards including through the issuing of new MCC daycare contracts and working with schools and childminders to expand their provision. Action is also being taken to increase awareness in some communities of the value of early learning to pre-school age children and to encouraging take up of free entitlements to early learning and childcare.

3.4 It is worth noting that families may prefer to access an early education and childcare place in a setting located in a neighbouring ward or in a neighbouring local authority area, wherever is convenient for them.

#### **4.0 New childcare entitlements from April 2024**

4.1 The Government has announced an expanded childcare offer for children aged 2 years from April 2024. The scheme will provide 15 hours of childcare per week for working families, expanding to children from 9 months to 2 years from September 2024 and increasing to a 30 hour offer from September 2025.

4.2 Sufficiency to meet the expanded offer is in the process of being assessed. Data recently provided by Department for Education (DfE) will be compared to locally produced information and consultation is being analysed and used to inform delivery planning to meet the anticipated demand. Initial assessments suggests that citywide, the greatest pressure on places will be felt in September 2025 and work is ongoing with the sector to determine whether it will be able to respond to demand. Over the next 12 months it will become apparent whether additional childcare provision is required in the City to meet emerging demand.

4.3 2024/25 place funding rates will heavily influence the response of the sector to the first phases of implementation in April and September 2024. These are expected to be announced in December 2023.

4.4 Government has also allocated £3m of revenue funding to develop and expand wraparound childcare in Manchester for primary school aged children from working households. The funding will support the development of sustainable provision which is available from 8am and until 6pm on school days within term time. The programme will run between September 2024 and September 2026 by which time wraparound provision is expected to be self-sustaining. There has been no decision yet on how this funding will be used, however, two project officer posts will be created to develop a plan for this funding and support development of new and extended provisions to meet sufficiency requirements. Parents/carers will be encouraged to access government funding to support them with their costs of childcare (including wraparound childcare) such as Tax Free Childcare and Universal Credit.

4.5 Consultation with daycare providers will continue to inform place planning in the City. An initial survey of daycare providers in July 2023 revealed that out of 116 respondents, the majority were preparing to offer more places to children in receipt of the new funding. This will be monitored closely over the next 12 – 18 months as demand for places becomes clearer and new funding rates are released.

4.6 DfE have hosted a series of webinars to outline the expansion proposals and new guidance. They have engaged Hemsalls on a support contract to assist LAs with early years delivery planning and are expected to announce another support contract which includes wraparound childcare. Regular meetings with

the DfE Regional lead and Greater Manchester LAs will help to shape delivery plans and offer opportunities for sharing good practice.

## **5.0 Provision for children with Special Educational Needs and Disabilities (SEND)**

5.1 The full assessment of childcare sufficiency for children with additional needs and disabilities is ongoing. The suitability of a childcare place may be more dependent upon the child's specific needs. Following the roll out of Dingley's Promise Inclusive Practice Training in March 2023, more than 530 members of the early years' workforce including childminders, nurseries, schools, and local authority teams have improved their knowledge of inclusive practice. However, it continues to be the case that children with additional needs are likely to find it harder to access childcare and further work is needed to fully respond to this challenge. A task and finish group has been established to address the issue of childcare sufficiency for children with SEND.

## **6.0 Capital improvements to the Early Years estate**

6.1 Capital works to address health and safety and statutory compliance concerns on Early Years buildings providing childcare has progressed through 2023. Buildings were prioritised according to childcare sufficiency and the priority of works required at each site. Capital works were split into two phases; Phase 1 which commenced in 2022 and contained 11 sites, Phase 2 which will commence before the end 2023 and contains 9 buildings. To date, capital works have been managed within the budget allocated.

### **6.2 Phase 1 update**

6.3 Capital works have been completed at 8 out of 11 sites in Phase 1. The works planned for the nursery in Debdale Park are planned to commence at the end of November 2023. Works to two nursery buildings have been delayed because it has been found that they have required more extensive schemes of work. Roof repairs were halted at Old Moat Children's Centre (CC) when it was found that the programme of works would not be sufficient to address the scale of the disrepair. Following thorough reassessment and pending the issue of contracts, a full roof replacement will be carried out commencing in February 2024.

6.4 In addition, works on Boxgrove CC have been delayed until such time as alternative premises can be made available to the daycare tenant. This is necessary because of the scale of the roof repairs required which includes the removal of asbestos materials. Cheetham Park CC was identified as a suitable alternative location for the daycare, but it has required some capital investments to prepare the building for temporary occupation. These are expected to be completed in December 2023.

### **7.0 Phase 2 update**

- 7.1 Sites for inclusion in Phase 2 were identified in early 2023 following a similar protocol as for Phase 1. This resulted in 9 sites being identified and progressed through the necessary capital stages. Phase 2 capital works are not as extensive as those included in Phase 1 and encompass, but are not limited to, the testing and, where applicable, replacement of electrical systems (e.g. Fire alarm and emergency lighting), testing of mechanical systems and upgrade of building related items at some premises.
- 7.2 Capital works' specifications for Phase 2 sites were submitted to contractors on the minor works framework in August 2023. Although there were delays of between 4 and 6 weeks for contractors providing target cost, the majority of these have been checked and verified and contracts have been progressed. The first works to Phase 2 sites are planned to commence in December 2023.

## **8.0 Additional developments to the Early Years estate**

- 8.1 A suite of Fire Risk Assessments and Asbestos Management Surveys have been completed on Early Years sites as required. Action has been taken to address any immediate, high-level concerns and where possible to include any points requiring action in Phase 2 capital works' specifications. In addition, all management actions are being communicated to the site tenants for them to address within specified deadlines.
- 8.2 Energy Performance assessments were commissioned and commenced in October 2023. The majority have been completed and certificates are being provided. It is expected that Phase 1 capital works will have had a positive impact on EPC (Energy Performance Certificate) ratings. Decarbonisation bids have been submitted for six Early Years buildings. If successful, 2 sites will benefit from lighting improvements and 6 will receive decarbonisation improvements including upgrades of heating systems. The sites are in Gorton, Old Moat, Sharston, Cheetham and Clayton.
- 8.3 Since September 2023, all buildings within the EYs estate have been assessed for RAAC (Reinforced Autoclaved Aerated Concrete) by Internal Audit and Corporate Estates.

## **9.0 Lease Reviews**

- 9.1 Work is ongoing to renegotiate lease arrangements with daycare tenants. Following detailed assessment of the agreements in place, dialogue with several tenants and thorough financial modelling, progress is being made on proposals to find equitable ways to let daycare space within EYs buildings.

## **10.0 Conclusion**

- 10.1 Phase 2 of the Early Years capital programme to address priority capital works commenced in early 2023, with the first works due to start in December 2023. The scope of works required is less significant and intrusive than Phase 1 (hence the reason that they are in Phase 2) and as a result the timeframes for

each site are likely to be shorter than those within Phase 1. Delays have been experienced at a small number of Phase 1 sites, but the required action has been taken to ensure that the works continue to progress. Additional investment in the estate has been made to ensure compliance with health and safety and fire risk management requirements, to understand energy performance and to assess for RAAC.

- 10.2 The City has sufficient childcare to meet its current early years duties and is working towards ensuring that there is sufficient childcare to meet the extended entitlements launching in April 2024 and particularly for Sept 2025. There will be a concerted effort to increase wraparound childcare for working families between 2024 and 2026 and a renewed focus on improving access to childcare and early learning for children with SEND. Quality in the City remains high, but the sector continues to face sustainability challenges because of increased overheads and financial pressures.

## **11.0 Recommendations**

- 11.1 The Children's Young People and Overview Scrutiny Committee are recommended to:

- Consider and comment upon the update provided in this report.
- Review and note the outcomes of the Childcare Sufficiency Report 2023.
- Review and note the progress made on the capital investment into MCC early years sites containing daycare.