

Think jobs, think childcare

The role of housing associations in supporting quality and affordable childcare



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Foreword

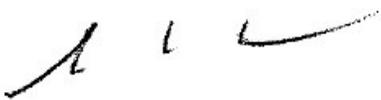
Peabody's commitment to affordable and accessible childcare extends long before the Covid-19 pandemic. Our 2017 Childcare Strategy focused on

- 1) enabling our residents to gain qualifications in the childcare sector, particularly childminding,
- 2) developing mobile creches to provide childcare whilst parents study,
- 3) hosting nurseries in Peabody properties and
- 4) exploring innovating models of childcare provision, including collaborating with the New Economics Foundation (NEF) on parent-led nurseries.

In March 2020, our Peabody Index focused on challenges faced by working parents in London, particularly single mothers.

Ahead of our 2021 Childcare Strategy, we commissioned NEF to gauge the practice and potential for housing associations (HAs) to support childcare across London. We believe HAs have a key role to play in increasing access to affordable childcare, a role made more critical as a result of the financial crisis that Covid-19 has created for the childcare sector, with many nurseries facing closure or the prospect of substantially increasing their fees.

This NEF report is an illuminating look at the existing housing association practice in this area and how HAs can collectively deepen their impact. As we push forward with our 2021 Childcare Strategy, we aim to build on the recommendations made in this report to help ensure that the high quality childcare that is so important for children and families is available to all.



Stephen Burns
Executive Director Care
and Communities



Executive Summary

Peabody – like many housing associations - have many tenants are parents who need childcare. Others work, or would like to work, in the childcare sector. Peabody research has found that two-thirds of social residents find it difficult or impossible to find affordable childcare. In January 2020 Peabody commissioned The New Economics Foundation (NEF) to undertake independent research to better understand how the social housing sector can holistically support the childcare sector.

Between July and September 2020, the New Economics Foundation conducted semi-structured phone interviews with individuals working in the G15 group of housing associations. We specifically targeted people from the commercial, community and residential teams within each organisation. We also interviewed employees of Poplar HARCA, a much smaller housing associations than the others, because of their reputation for taking a social value approach to development. We sent out 20 emails and conducted 10 in-depth interviews. These were supplemented by analysis of material from websites and reports.

We found that many housing associations are involved in childcare activities. Their activities are diverse, including renting out commercial properties to childcare providers, developing community centres, building nurseries in new developments and supporting residents to become childcare workers. However, these activities often occur on an ad hoc basis rather than with a strategic focus on the importance of childcare to the wider community.

Challenges to instilling a strategic focus include:

- siloed working between commercial, community and housing teams
- lack of earmarked funding
- planning regulations that do not incentivise letting spaces to childcare providers
- challenges in including “hard to reach” residents in using childcare provision

Opportunities to improve housing association support for childcare include:

- seeing childcare as an essential element of employment programmes
- seeing childcare as critical to any placemaking agenda
- capturing the social value of childcare to the broader community
- making available underutilised spaces for childcare or children’s play

“We know that a lack of access to quality, affordable childcare is a key issue for our residents. We want to make the best possible use of our buildings, resources and relationships with communities and organisations to address this - whether that’s enabling residents to train as childminders, supporting mobile creches, hosting nurseries or supporting innovations in childcare”.

Clare Reindorp, Peabody Community Foundation

Introduction

This research sought to understand the extent to which housing associations have already recognised the importance of childcare for their residents.

The work was originally shaped ahead of Covid-19 and was adjusted to reflect the changed circumstances we now face. Lockdown delivered a serious blow to the childcare sector, a sector already on its knees after years of government underfunding. Lack of childcare will have far reaching effects on children, in terms of growing educational inequalities, and for parents in terms of being able to pursue paid work. These effects will be particularly acute in under-resourced households. This possibility has given further urgency to our work. This report does not aim to provide a comprehensive picture of childcare-related work and activity undertaken by all housing associations across the country. Instead, we aim to capture illustrative examples of innovative work in London.

In this report we will distinguish between childcare provision more broadly and 'social value childcare' which prioritizes the maximum benefit for children, parents, childcare workers and their broader communities over generating profit. This report does not aim to provide a comprehensive picture of childcare-related work and activity undertaken by all housing associations across the country. Instead, we have tried to capture illustrative examples of innovative work in this area that has been undertaken by London-focused housing associations who we have been able to interview. We also highlight why childcare should be a more visible element of the work of housing associations. Finally, we provide some preliminary recommendations that could guide the future strategies of housing associations interested in developing or deepening their work on childcare.



Context: Childcare in England

Spending on quality, accessible childcare is an investment in essential social infrastructure, with long-term benefits for both the economy and society. Firstly, it helps to close the attainment gap between children from low-income families and their more advantaged peers, reducing inequalities and creating benefits that last throughout a child's time in school, and beyond¹. Without access to quality early years provision, children from poorer families start school up to 11 months behind their wealthier peers². Secondly, the availability of quality, accessible childcare removes barriers to employment, particularly for women, who are still disproportionately responsible for unpaid care³. Flexible and affordable childcare enables parents, especially mothers, to make choices about how to balance their caring and employment opportunities. The Peabody Index published in March 2020 (undertaken prior to the Covid-19 pandemic) found that 1 in 10 of their social housing residents are parents of young children aged 0-5 years, and two-thirds of them (67%) have found it difficult or impossible to find affordable childcare⁴.

The UK has consistently failed to fulfil the full potential of childcare, performing poorly on both quality and accessibility of provision. The UK's nurseries are among the most expensive in the world⁵, while childcare professionals are some of the lowest paid workers in society⁶. Just 15 hours of free childcare is available universally to all three and four year olds. In September 2017, Theresa May's government increased this to 30 hours of free childcare for some two to four-year-olds from low income working households. But the policy has been poorly implemented as well as severely underfunded. Nurseries across the country struggle financially to provide care for the hourly rate that is payable and so make use of loopholes to charge parents for 'additional extras' like nappies and food, increase fees for hours not funded by the government, and some have reduced opening hours. As a result of underfunding, the sector was already fragile before the pandemic with 17% of childcare providers in England's poorest areas facing closure and annual staff turnover reaching 24%⁷.

High fees, poor quality and poor working conditions in UK early years provision can be linked to the increasing marketisation of the sector. Eighty-five percent of childcare providers in England are for-profit providers and, in recent years⁸, a small number of large chains have been consolidating their stake in the sector⁹. The largest three childcare chains in England, providing over 60,000 places between them, are owned by foreign investors, with financial head offices located in Singapore, France and the USA. This profit-driven approach to childcare is at odds with the social purposes of a well-functioning childcare system. Government policies have incentivised this shift to market-based provision, stating that local authorities are a provider of last resort¹⁰.

"If we are serious about having vibrant places, then we need to view childcare as an important component of that. Therefore we should be designing our local areas in a way that puts childcare at the centre of our plans."

**Blossom Young,
Poplar HARCA
Accents Programme**

1 <https://www.oecd.org/education/school/48980282.pdf>

2 <https://www.suttontrust.com/our-research/closing-gaps-early-parenting-policy-childcare/>

3 <https://wbg.org.uk/wp-content/uploads/2020/04/Accompanying-paper-FINAL.pdf>

4 <https://www.peabody.org.uk/news-views/2020/mar/work-life-imbalance-solving-london-s-childcare-challenge>

5 <https://www.laingbuisson.com/shop/childcare-uk-market-report-16ed/>

6 https://epi.org.uk/wp-content/uploads/2019/01/The-early-years-workforce-in-England_EPI.pdf

7 https://www.ndna.org.uk/NDNA/News/Press_releases/2019/Nursery_crisis_Stacking_shelves_more_appealing_than_educating_children.aspx

8 <https://blogs.lse.ac.uk/politicsandpolicy/covid-19-and-childcare/>

9 <https://www.theguardian.com/commentisfree/2018/may/14/parents-carillionchildcare-collapse-nursery-provider>

10 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/718181/Early_years_entitlements-operational_guidance.pdf

The structural issues described above are reflected in a Peabody Index report published in March 2020 titled 'Work-life imbalance: solving London's childcare challenge' based on data from a survey of 1,649 residents. The work was completed before Covid-19 but highlights sharply the childcare challenges faced by social housing residents. Sixty-seven percent of Peabody social housing residents that are parents with young children have found it difficult or impossible to find affordable childcare and childcare costs on average 20% of the average income of social housing residents. Sixty-eight percent of Peabody residents with young children relied on partners, friends and family for childcare (which will have been increasingly challenging for them in the months shortly following the survey, due to Covid-19 restrictions) but 30% of residents with young children have no one to help them.

The current role of housing associations in childcare provision

For the purpose of this report we define childcare as paid-for care of children between birth and statutory school age (5 years). We have primarily focused on group-based childcare provision (e.g. nurseries and creches) but also explore the role of more informal stay-and-play or parent-and-child sessions.

From our work it appears that Peabody is the only housing association in the G15 with an explicit strategy to increase the supply of and access to high quality, affordable childcare for Peabody residents. This strategy is focussed on enabling Peabody residents to gain employment in the childcare sector, supporting nurseries based in Peabody buildings and exploring innovative models of childcare provision.



Our interviews indicated that, while other housing organisations do not necessarily have a stated ‘childcare strategy’, many do work that relates to childcare. In some cases, they are actively supporting the provision of social value childcare through activities similar to those outlined in Peabody’s strategy. These include renting out commercial properties to childcare providers, developing community centres, building nurseries in new developments and supporting residents to become childcare workers. In this section we illustrate each of these activities with practical examples.

I. Renting out commercial properties to childcare providers

Many housing associations own commercial properties, such as shops, office spaces, doctors surgeries, arts studios or nurseries, as part of their property portfolios. Sometimes they are under-utilised or left vacant but for many organisations, these portfolios represent a significant source of income. Our research found that this additional income stream is the primary purpose of these properties for most housing associations. As one interviewee from a commercial team explained, “nursery sites, like other properties in our portfolio, are financial assets and we have a legal statutory duty to achieve market rent.” This income can then be invested back into support services or development programmes to deliver the organisation’s mission.

The result of purely profit-driven approaches to commercial lettings is that large chain nurseries are often able to outcompete smaller family-run, community or cooperative providers. Big chains’ size and access to capital means they are a more reliable source of income. However, patterns of provision show large chains are less likely to deliver childcare that is accessible for low-income families (for example research by the LSE found that ‘areas with most pre-school places provided through the private sector have the largest gap in take-up between low- and higher-income families’¹¹).

Some interviewees recognised that when these commercial spaces are rented to should be viewed as a significant component of the social purpose of a housing association. Nurseries are a good example of this, ranging significantly in their purpose, affordability, ownership and financial models.

One example of housing associations supporting the provision of social value childcare is by offering spaces for sub-market rent to childcare providers that meet certain requirements related to social value childcare. Most commonly these requirements relate to offering priority places to local residents, or supporting residents into employment by recruiting locally.

Southern Housing recently supported a resident to establish a new nursery in Hackney called Chatterbees. As part of the partnership agreement between the association and the provider, the nursery offers affordable places to low-income families and directly employs three Southern Housing residents. Southern Housing also charge sub-market rent to the Boiler House charity, run by two residents, for the Castle View Nursery in Haringey. This enables the charity to generate a decent income from its childcare provision while continuing to offer subsidised places to local families. The Boiler House reinvest the profits back into the two community centres to offer a range of activities for local residents. The Boiler House now employs 14 people in the two nurseries, including five Southern Housing residents.

Housing associations need to collect rent to invest in projects like childcare. And families need to have someone working to pay rent. And people need childcare to go to work. It's circular. So even from a business perspective childcare is really really important for us to think about.

**Grace Cleary,
Notting Hill Genesis
Commercial Team**

¹¹ <https://www.lse.ac.uk/News/Latest-news-from-LSE/2018/06-June-2018/Higher-income-children-benefit-more-from-free-pre-school>

Of the 10 nurseries hosted by Peabody, 6 pay sub-market rent. In addition to agreements around priority places and employment for residents, Peabody are committed to exploring other ways of working in partnership with childcare providers. Examples include involving Peabody residents in the management of the nursery (Family Friendly Nursery in Lewisham) and involving childcare providers in wider place-based initiatives (Pembury Children's Community in Hackney, which has worked with two estate-based local nurseries).

Southern Housing runs 16 community centres across London and rents three of these spaces to nurseries, two of which they offer at sub-market rent. An employee of Southern Housing explained that none of the nurseries on their sites are non-profit but "they do have an eye to ensuring accessibility for low-income families and vulnerable children as well as being involved in the wider community." Southern Housing are reluctant to rent more of their community centre spaces to nurseries because in doing so would mean the buildings couldn't continue to be used by other residents or businesses in the community.

II. Developing community centres

All the housing associations interviewed also had their own portfolio of community centres run by their residential or community teams. Many of these are old community centres on large estates inherited as part of stock transfers from local authorities but others are newly built as part of broader developments or redevelopments. In some cases, the commercial team would provide advice on the management of these centres. Most commonly these play a role in more informal childcare support through drop-in classes, family activities or stay and play sessions which can act as a gateway for residents into more formal provision. Others have become the sites for more permanent nursery provision.

Clarion Futures, the charitable foundation within Clarion Housing Group, supports more than 50 community centres across the country. In many of these spaces, activities are delivered by resident volunteers, partners or local entrepreneurs. In addition to providing the space, Clarion Futures offer a range of funding grants for partners to develop community assets as well as other forms of practical support. In 2018 and 2019 they awarded more than £225,000 in community grants to 58 projects across the country. PlayPlace Innov8 is a CIC who took on three centres from Clarion as asset transfers. PlayPlace used their grant from Clarion Futures to go out door-knocking and actively find the families who need their services and get them into the community centre. REAP, who manage a community centre in Lewisham in partnership with Clarion, also run regular activities for families and under-5s.

In general, community centres on estates are managed by residential teams but for some housing associations it is common practice for staff from the commercial team to be brought in to advise community partners and residents on how to establish and run a business on the site. For example, the Little Garden Nursery in Perivale was set up by a resident in a space owned by Notting Hill Genesis with the support of both the housing and commercial teams.

III. Building nurseries in new developments/redevelopments

The provision of nursery spaces within social housing developments has largely been driven by planning requirements, rather than by a proactive drive from housing associations. The planning obligations under Section 106 of the Town and Country Planning Act are often referred to as 'developer contributions.' In addition to affordable housing obligations, developers are often required to create spaces for other services and amenities which can include early years provision. Two of the major new developments currently being led by Notting Hill Genesis in London, the Tottenham project and the Royal Albert Wharf, both have plans for nursery spaces built into their designs.

Interviewees described how often, when the planning permissions stipulate that a new site must contain a nursery, developers will meet this criteria but only to the bare minimum. There is rarely much thought put into the design or location and in many cases the 'nursery site' will be nothing more than a shell and core (the basic structure of the building). The expectation is that the business who takes over the site will be responsible for the entire fit out to make the space appropriate for childcare provision. This costs on average between 50k-80k and requires specialist amenities such as child-sized toilets. Interviewees explained that this usually meant that such buildings were inevitably let to big corporate chains who have the finance to do the fit out.

This represents a significant missed opportunity. As highlighted earlier in this report, commercial chains do not have a strong track record in delivering the affordable, accessible childcare places that will support housing association residents.

Interviewees interested in a 'place-making' approach argued that childcare must be embedded in the design of developments through genuine community engagement instead of being included as an afterthought. Poplar HARCA is one proponent of this approach. They have an award-winning team, Accents, which conceives and delivers the social, economic, cultural and environmental aspects of regeneration, seeking to grow places where people thrive. They are currently undertaking major new developments that include a significant number of workspaces and small business spaces including a "fashion hub" built in partnership with the University of the Arts London. While they are still at the design stage for these developments, they are hoping to develop innovative ways to integrate childcare provision into these sites.

Poplar HARCA stated that their priority in this process is "to think about the location of childcare in relation to workplaces and high streets, not just homes." An example of this approach is a co-working and creche space that Poplar HARCA currently run at Bow Brew, one of their community centres. The space is open twice a week and is available for self-employed parents. The creche is run by fully qualified childcare professionals from the nearby Matchbox Day Nursery. The pop-up creche is an effective way of making flexible childcare available within a community space, meeting the growing demands for part time sessional childcare from parents, whilst ensuring the wider community is also able to continue to use the space at other times.

IV. Training and apprenticeships in childcare for residents

Providing support to help people into work and/or to provide opportunities to improve their skills and qualifications has steadily become part of the remit of social housing providers. Particularly in the context of welfare reform, these activities are recognised as important in managing risk and ensuring rental income is received.

The lack of accessible, affordable childcare is often a barrier to participation in any employment training or apprenticeship schemes offered by housing associations, especially for mothers. A number of interviewees described how their organisation offers childcare at an affordable or free rate to residents on work schemes either through on-site creches or nursery vouchers.

Some housing associations offer training programmes for residents that are specifically focussed on employment opportunities in the early years sectors. Poplar HARCA's 'Working Start' childcare programme offers unemployed residents of Tower Hamlets the opportunity to get ahead with an apprenticeship in childcare. The apprenticeship consists of 12 month placements paid at London Living Wage at the end of which participants gain a recognised qualification in working with early years and primary children.

Peabody offers both training and support for residents to become childminders. This includes a free level 3 training course 'Preparing to Work in Home-based Childcare Settings' which is combined with level 3 paediatric first aid training delivered over 12 weeks. Becoming a childminder can offer flexible working patterns for parents seeking employment. Peabody tenants are required to obtain permission from their landlord before starting a childminding business in their home.

Peabody also supports childminders to work as a team to set up and manage mobile creche businesses that can provide childcare at community venues across London. The mobile creche travels to community venues throughout London, providing onsite childcare for children aged 0-8 years while their parents attend training, employment and community events. There are currently three mobile creche businesses.

Barriers and opportunities for housing associations

Our research identified a number of barriers and opportunities for housing associations looking to develop or deepen their role in the provision of social value childcare. Some of these themes are specific to work on childcare while others will apply to various programmes of housing associations' work. We discuss them in detail below.

Challenges

I. Siloed working between commercial teams, community and housing teams

The research here has highlighted the number of different teams within a housing association that may have a role to play in childcare. A lack of a coherent childcare strategy embedded across an organisation makes it harder for different teams to work collaboratively towards goals for childcare or to evaluate activities against particular criteria or goals. One interviewee described how sometimes it felt like they were speaking "different languages" between teams within their organisation, particularly around concepts such as 'social value.'

This tension is broader than just childcare: community investment is often viewed as a niche area on the margins of the mainstream business rather than part of the core mission. New methods, such as social value rents (described earlier) would enable housing associations to balance these otherwise competing demands. One interviewee also highlighted how male-dominated the commercial teams within housing associations are in comparison with housing or community teams. This could feed into a lack of awareness around the issue of childcare, which remains highly gendered.

II. Lack of earmarked funding

Housing associations are operating in an extremely difficult financial context. Government funding to build social homes was cut by 60% in 2010 and the impacts of welfare changes have heavily affected their residents (and, consequently, associations' rental income). This means that many housing associations have become more commercial in their approach.. Interviewees expressed concern that commercial objectives can override social ones, despite good intentions. Some commercial teams are unwilling to explore working with any childcare provider who would not be able to pay market rent during a period of financial instability. In the context of Covid-19, many observed that it will be even harder to make the case for sub-market rents. Organisations are more likely to rent to large providers whose 'commercial viability' may depend on them limiting places for lower income families.

III. Planning regulations badly thought through

A consistent theme in interviews was that provision of space for childcare is thrust upon housing associations by planning authorities rather than being a proactive element of planning a new development. The funding offer from S106 doesn't provide a real commercial incentive. Commonly housing associations don't actually have the capacity to run the space and so play a more transactional role as landlord, leasing the space to providers who can secure the funds to fit out the space and set up. As the examples above show, working with local community groups can take longer and requires more flexibility in terms of rental income.

IV. Difficulties broadening participation

Research shows that across the country low-income families are the least likely to take up childcare places. This can be due to parents being unaware of funding support available, childcare providers restricting the numbers of places offered to children who are solely dependent on government funding, and challenges in accessing the hours that parents need. The same barriers pose a challenge to introducing social value childcare at a local level. Bringing in 'hard to reach' residents is a challenge for housing associations seeking to improve childcare provision for their residents and educational opportunities for their children. The same is true of schemes offering childcare training and qualifications to unemployed residents.

Interviewees expressed concerns that distancing measures during Covid-19 will make this work much harder as residents struggle to complete courses online and it is harder to provide childcare to participants in the form of creches.



Opportunities

I. Understanding the role of childcare in supporting people into employment

Increasingly, housing associations have played an increasingly important role in implementing schemes that tackle unemployment through increase training and qualifications. Research done by Inclusion in 2014 found that 88% of housing providers are offering services such as help, advice or work opportunities to residents.¹² As interviewees recognised, lack of access to childcare can prevent residents, especially mothers, from accessing training opportunities and employment. Supporting the provision of affordable local childcare could act as a major factor in increasing the number of residents that can take up work. Providing childcare training could also be an attractive career path, especially for parents. Therefore where housing associations are focused on employment, they should also engage with childcare.

Recommendations for housing associations

- Ensure childcare is an explicit element of employment programmes: 'think jobs, think childcare'
- Ensure champions exist within the organisation who are able to influence and join up internal strategies across community investment, commercial portfolio management and development functions to maximise the provision of affordable and sustainable childcare that is accessible to residents

II. The role of childcare in the 'place-making' agenda

Evidence on the take up of childcare shows that parents are more likely to use provision that is within walking distance of their home¹³. Yet in recent years we have seen childcare chains actively targeting their provision in wealthier areas while nursery settings in poorer areas face closure¹⁴. A 'place-making agenda' is part of the core strategy of a growing number of housing associations, aiming to take a more holistic approach to creating vibrant, successful and sustainable places for and with local people. Rather than a top-down requirement imposed by planning conditions, childcare infrastructure should be placed at the heart of development plans, co-designed with local parents and community groups. The 'place-making' approach also broadens the focus of service provision from residents to wider communities which has positive knock-on effects.

Recommendations for housing associations

- Ensure engagement is undertaken with residents to establish current challenges in relation to childcare and include this as a consistent feature of resident surveys
- Work with residents to develop ideas for improvements to address these challenges

12 <https://www.hact.org.uk/sites/default/files/uploads/Archives/2014/7/Strategic%20approaches%20to%20employment%20-%20report%20July%202014.pdf>

13 https://dera.ioe.ac.uk/5829/1/Phase_2_Guidance-1.pdf

14 <https://publications.parliament.uk/jpa/cm201719/cmselect/cmtreasy/757/757.pdf>

III. Capturing the social value of childcare

The government's Public Services (Social Value Act) 2012 recognises that certain activities can have an impact on the economic, social and environmental well-being of a person, group or community. A simple free-market approach will prioritise only the economic value. A social value approach extends this to acknowledge and capture the triple bottom line of social, environmental and economic value. It is increasingly recognised that the process of understanding and capturing social value from a specific initiative is best done in a participatory way, including people with direct experience in identifying the social impacts that matter.

A social value lease refers to a commercial rent contract that incorporates the social value created by the leaseholder in some way. This may entail a direct or indirect link between the rent paid and the social value delivered. There are a variety of models for how this can be implemented, which vary in the extent of the rent reduction, the social value outcomes considered, and the extent of the monitoring of social value delivery before or during occupancy.

There are many examples of social value leases used by local authorities to support local businesses that deliver social value:

- Islington Council is implementing a social value-based approach in their Affordable Workspace Strategy. The council secures workspace on a peppercorn rent in new developments through Section 106 agreements with private developers. Then this workspace is rented out to a workspace provider (who also pays a peppercorn rent) on condition that they will deliver significant social value¹⁵.
- Hackney Council has several workspace projects up and running, following a similar model to Islington Council. The workspace provider rents the site from the Council at low rents, in return for committing to “a set of social value/ community benefit requirements as part of their leases including the delivery of jobs, work placements, training opportunities and community events”¹⁶. The Council also subsidises rents for voluntary and community sector residents in 45 units¹⁷.
- Haringey Council has proposed introducing social value leases (also known as “Community Wealth Building leases” in this context) as a pilot in a small number of their commercial properties (residents have not begun trading yet but are expected to in the coming 18 months). This structure would offer rent rebates of up to 35% conditional on a tenant's delivery of certain social value outcomes (most of which relate to employment creation for particular parts of the local community)^{18 19}.

15 <https://www.islington.media/news/pioneering-islington-council-locks-fairness-agenda-into-affordable-workspace-procurement-framework>

16 https://consultation.hackney.gov.uk/policy-partnerships/lestrategy/user_uploads/draft-inclusive-economy-strategy-2019-2025.pdf

17 https://hcvs.org.uk/wp-content/uploads/2019/06/LB_Hackney_VCS_Strategy_2019-2022.pdf

18 <https://www.minutes.haringey.gov.uk/documents/s114283/AMP%20appendix%201.pdf>

19 https://www.london.gov.uk/sites/default/files/ggbd_high_streets_adaptive_strategies_web_compressed_0.pdf

A social value lease system for childcare providers could take a number of forms. The rent reduction could be negotiated with socially beneficial local providers and should consider practical issues such as set-up costs. Some of the outcomes that could be considered as conditions on the lease include:

- Focusing only on economic outcomes, an assessment could be made of the impact of more affordable childcare on local residents' employment outcomes, with the sub-market rent being offered on the basis that affordable childcare increases the rate of employment locally with more parents able to start work or increase their hours as a result of using the nursery. Data on rent payments could be used to illustrate the impact of these improved employment outcomes on residents' ability to pay rent on time and to pay from earned incomes rather than benefits, suggesting a purely financial net benefit to the housing association of implementing social value leases for childcare (i.e. the improvement in rent arrears offsets the loss of commercial rent from the childcare provider).
- Broadening the scope, additional social outcomes could be considered, to include the benefits for the local economy and community via
- the childcare provider paying the living wage and providing higher quality jobs;
- the social and educational benefits to children of having higher quality childcare; and
- the additional skills and qualifications generated for local people taking up work in the childcare centre (which can be monetised in terms of improved lifetime earnings due to achieving qualifications).

A recommended approach would be to match the outcomes in the lease to those prioritised by the local community and the housing association. This would ensure that the childcare operator delivers on what matters to local people and that the expectations in the lease on social value delivery are realistic. Additionally, in drawing up the terms of the social value lease model, the housing association would be able to generate firm evidence of the social value provided, in line with its own longer-term community strategies, that could be reported publically to justify the reduction in rent collected from the unit.



Friendly Families Nursery in Deptford, Lewisham

The Friendly Families Nursery is located in a purpose built nursery building on Peabody's Vanguard estate in Deptford, Lewisham. The nursery has been co-designed by local parents through a year long series of play sessions, workshops and co-design activities. The nursery has brought an empty building back in to community use, two local people are employed full-time, five local people regularly volunteer, 25 local people have gained NVQ level 3 qualifications and 10 local families are currently accessing high quality, affordable childcare (this number will grow to 26 as the nursery expands). All of these outcomes can be assigned a value using methods such as the HACT Social Value Calculator. In 2019 a survey of parents who had taken part in play sessions, workshops and co-design sessions at the nursery found that,

- 69.6% agreed that they spend more time with people from a different background to them
- 91.3% met new people and expanded their social circle
- 95.7% feel more connected to their local areas

These outcomes support the wider mission of Peabody's Community Foundation. Taking a social value approach to the nursery's rent ensures these outcomes, and others, can be captured and tracked in relation to Peabody's wider work. A social value approach would also allow housing associations to actively prioritise those childcare providers who will deliver the best outcomes for local parents and children.

A number of tools are now available to guide housing providers through the process of producing an evidenced strategy for maximising the social value of their work within communities. Evaluation frameworks produced by organisations like HACT could underpin a stronger case for childcare to be placed at the core of housing associations' missions rather than as a peripheral issue. Using limited resources to best effect also requires that housing associations consider how to best understand resident and community needs. This should involve proactive profiling and collecting insights on local communities rather than waiting for residents to raise issues. This evidence-based approach to service provision is likely to flag childcare as a priority area as was the case with findings from the Peabody Index.

Recommendations for housing associations

- Support evaluation of existing childcare provision to calculate social value
- Use social value tools to better capture the full value of community-led childcare provision
- Develop social value leases with childcare provision that is able to demonstrate impact on broader social and environmental aspects

IV. Making available under-utilized spaces

NEF research has identified access to affordable and appropriate spaces to host nurseries as a major barrier to establishing community-based childcare provision, especially in poorer areas. Housing associations are responsible for large amounts of property and could therefore play a significant role in making appropriate spaces available to non-profit providers for sub-market rent. It was clear from almost all the interviews that most organisations had portfolios that included community centres, commercial spaces or spaces in new developments in which there was potential to host nurseries. This is a particularly important opportunity to be aware of right now; as Covid-19 continues to hit the retail sector as well as demand for office space, there may be far more commercial spaces become vacant, prompting housing associations to explore different options.

Recommendation for housing associations

- Explore social value rents as a method of supporting accessible and affordable local childcare provision



Conclusions

Our research has shown that childcare is an issue for many housing association residents. Some work is taking place within the housing association sector, but it currently appears to be a relatively underdeveloped. We know that Covid-19 is having a significant impact on employment opportunities and the childcare sector is increasingly fragile. There are a number of actions that we recommend housing associations take, to grow their collective practice, experience and influence in this area:

1. In the short term, engage with a learning group, supported by HACT, to enable practice exchange and learning between childcare champions across housing groups. This forum could initially focus on sharing for their existing work and the business case they have made to develop this work internally. Over time this learning group could also move to promote the value of working on childcare to other housing associations.
2. Where housing associations are focused on employment, they should also engage with childcare ensuring childcare is an explicit element of employment programmes ('think jobs, think childcare').
3. Ensure champions exist within the organisation who are able to influence and join up internal strategies across community investment, commercial portfolio management and development functions to maximise the provision of affordable and sustainable childcare that is accessible to residents.
4. Ensure engagement is undertaken with residents to establish current challenges in relation to childcare and include this as a consistent feature of resident surveys. Where childcare challenges are identified work with residents to develop ideas for improvements to address these challenges.
5. Use social value tools to better capture the full value of community-led childcare provision and explore the suitability of existing and new property for delivering social value childcare.

In the longer-term, this group should look to connect with others with expertise in this area, such as local authorities, childcare umbrella bodies (e.g. the Early Years Alliance). There are a growing number of national groups calling for changes to childcare provision (e.g., children's charities and groups from the women's movement). Housing associations would be welcome members of a wider movement for change around childcare, developing and supporting calls for more accessible, affordable, high quality childcare.
