

This study provides a snapshot of a small number of childcare social enterprises, selected as potential examples of good practice. All of the nurseries, to a varying degree, are providing additional forms of support for families, making childcare more affordable, supporting parents into employment, helping with parenting and building community capacity. In this way, while reflecting a diversity of local circumstances and management arrangements, they share a number of core features, perhaps the most important of which is a commitment to and a track record in, supporting families in poverty.

Social Enterprise: a childcare solution for London? **Summary**



Social Enterprise: a childcare

The study, supported by the LDA and the four London local authorities of Brent, Hackney, Lewisham and Westminster had as its main context, the continuing very high rate of child poverty in London.

A related context was the London childcare market, the high costs incurred by providers and the resulting implications for affordability. Many of London's new childcare places have been targeted in areas of greatest deprivation, yet for many parents living in those areas, unemployment, disability and other factors, may prevent work and childcare from being seen as a particularly meaningful choice.

In a review of social enterprises across Europe, Defourney suggests that, in increasingly complex societies, social exclusion becomes resistant to simple solutions like fiscal measures and standardised services. Social enterprises can give significant support to identify and address the different and new needs of communities and of individuals most at risk. They can also make a contribution to social capital by developing solidarity, mutual help and the engagement of people in tackling social problems.

The focus of the study was eight childcare settings, including a playgroup, a family centre, a group childcare provider and five community nurseries, all selected by their local authorities as representing social enterprises or settings with the potential to become social enterprises. Its purpose was to find out whether the community nursery or social enterprise model might have particular strengths in making childcare accessible to low-income families, supporting families and enabling parents to work.

Findings and Recommendations

Together, the eight settings provide a total of 313 childcare places; provide employment for 118 people and have a combined turnover of £2.32 million. In addition to monetary income, the case study settings benefit from several thousand voluntary hours, donated by parents, trustees and well-wishers.

A Commitment to Tackling Poverty

The model offered is closely aligned with the aims of the London Childcare Strategy and with the intentions of the government's recent statement, *Ending child poverty: everybody's business*, specifically its call to delivery agencies in London to *identify better ways of working together to tackle child poverty and increase parental employment in the capital*.

The evidence of this study suggests that the potential for social enterprise to provide a useful, or even preferred, model, for the development of childcare places, support for families and for enabling parents to work, is sufficient to warrant wider exploration and dissemination within London. The LDA should coordinate this.

There is, currently, no robust information across London about the numbers and locations of other community nurseries and playgroups which share similar aims and which might also be considered social enterprises. As a means of capturing this broader picture, local authority childcare data could provide the foundation of a mapping exercise, again coordinated by the LDA.

Defining Social Enterprise

While all voluntary childcare providers occupy a place within the social economy, not all would wish to be considered as social enterprises. From the experience of this study, we would suggest, in the context of the aims of the London Childcare Strategy and as a focus for tackling poverty, the relevant criteria should be:

- Social aims which directly relate to improved outcomes for disadvantaged children, support for families and poverty reduction
- Parental and other stakeholder involvement
- A business or enterprise orientation

Business Development

There is a clear need among the providers for additional support for budgeting, business planning, financial reporting and cost and income analysis. However, for this to be effective, it needs to be framed within a broader programme of support for an emerging social enterprise model; helping childcare providers to aim for a more balanced synergy between business development, wealth creation and social and educational aims. As a parallel development, childcare settings should be encouraged to invest in staff to help them run the business end, or to purchase this as a service or to form consortia with other nurseries to achieve this end.

The responsibility for business support should remain within the Early Years and Childcare function of local authorities, but their support could be enhanced by the creation of better links with other agencies dedicated to social enterprise, e.g. Business Link and Social Enterprise London.

solution for London?

The providers in the study say they would welcome an opportunity for contact and the exchange of ideas with other community nurseries in London. Across London, this might also be facilitated by the LDA. In this way, opportunities for childcare social enterprises to meet, network and share good practice, would represent the first steps towards a body of good practice and confidence in business planning, risk-taking and innovation.

A Strong Community Brand

For the parents interviewed in the study, the perceived quality of the childcare was the main factor in selecting a nursery, but this choice was strongly influenced by the community values of the staff and other users.

All of the parents, whether actively involved or otherwise, believed that the social aims and community orientation of their nurseries were important benefits. Parents directly benefited from, variously, learning about the children's development, helping in the nursery, being involved in fundraising and being part of social networks. This was particularly the case for more vulnerable families who had previously had few social contacts or were in other ways isolated. The fact that many of the staff in some of the established case studies were former parent users and/or were known in the community – "people like us" – is a likely factor in the success of those nurseries in reaching poorer families.

However, not all of the nurseries make the same use of these strong community brand values and in some cases parents were unaware until being interviewed, during the study, of the nature of a community nursery. In only half of the case studies was the

nature of the provision as a community enterprise highly visible, whether in information provided to parents, general publicity material or within signage.

We believe that an integral element of business development would be to help providers to understand the potential strength of this brand and to consider and develop the best means of communicating it to existing and potential users.

Impact Assessment and Funding

The model of childcare integrated with a range of other support services is similar to the children's centre offer. Some of the case study settings have developed their models of operation through structural links with their children's centres or with the Neighbourhood Nursery Initiative. In other cases, a similar approach has been devised locally over a period of decades and precedes the development of children's centres.

The outputs of the nurseries relate to a range of policy aims including welfare to work, regeneration and the creation of social capital. More specifically, the same outputs are relevant to the statutory responsibility of local authorities to improve outcomes for young children. But, those "added value" elements are not quantitatively assessed either by the nurseries themselves or by the local authorities to which they are accountable for funds.

We believe that it would benefit both local authorities and the nurseries themselves to have an assessment tool to record and capture baseline and outputs and this could form part of the monitoring, commissioning and funding relationship with their local authorities. In this way local authorities would have a fuller picture of the return on funding and investment in the community nursery/social enterprise model.



The Role of Local Authorities

Across London, many local authorities have a commitment to social enterprise, as part of their wider efforts to meet PSA floor targets and to encourage the development of new businesses in the community. However, social enterprise has not, necessarily, been referenced to childcare delivery and the resulting childcare markets remain characterised by the traditional demarcations of voluntary, private and maintained sectors.

The absence of comprehensive data capture systems, discussed above, together with any lack of co-ordination across council departments, means that relevant information from childcare providers, e.g. relating to local job creation, welfare to work and employment-related training may fail to be taken into account.

More worryingly, the same lack of co-ordination can undermine the sustainability of childcare businesses, even resulting in the loss of childcare places where e.g. Estates Departments impose significant rent increases on community nurseries, without prior consultation with Early Years and Childcare Officers.

Community nurseries, which are a type of social enterprise, offer an added-value model for the delivery of childcare places. Local authorities might wish to consider encouraging existing and new providers to become childcare social enterprises. They may also wish to consider how funding and commissioning arrangements might facilitate the take-up of childcare by low-income families. Within the current London funding environment, CAP is an example of a targeted funding stream to ensure that childcare is accessible to those most in need. In other funding arrangements there could be further incentives to encourage providers to deliver outcomes for the neediest families and to add value to the childcare offer.

The Role of Government

In the implementation of the Ten Year Strategy, there has been an almost exclusive concentration on curricular, regulatory and quality assurance systems, with limited attention given to the suitability of particular business models or the need to assure the longer-term sustainability of childcare places. And while, at the top end of the market, there may be little need for business advice, among smaller providers, there is a pressing need to increase business skills. The cultural shift in attitudes to business and profit-making, which is required of childcare providers on the ground, would be significantly more likely to happen if given a lead, by DCSF. In addition, on the findings of the study, increased government investment in the business support function of local authority Early Years Departments, enabling a higher level of service to childcare settings, is desirable.

It is understood that the support for affordability, represented in London by CAP, is to be extended to other areas. This, together with the extension of the scope of the free entitlement, over time, to 3 and 4 year-olds and some two year olds, is of significant value to parents who cannot currently afford childcare. For those childcare providers who regard low-income families as their priority, additional funding, at the supply end, to extend and develop services, to create support systems for parents entering employment and to develop a strong business model, would be of clear relevance.

DCSF has remained neutral in the face of competing arguments about the relative merits of different delivery models but might now want to consider the particular value of social enterprise as a model for the development of the National Childcare Strategy. It may also want to consider the feasibility of funding some pathfinders, in a manner similar to the Department of Health Social Enterprise pilots, designed to test and evidence the effectiveness of a stakeholder model.

This would be consistent, not only with cross-government support for social enterprise, but with a more assertive and concentrated effort to reduce and eliminate child poverty. In London, where delivery agencies will have a particular responsibility to address the needs of poorest families, the nurseries described in this report are already there on the front-line, sharing those aims.

For copies of the full report, visit:

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