



Department  
for Education

# Childcare Expansion Capital Grant

**Allocations Guidance**

**November 2023**

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## Summary

In the Government's Spring Budget 2023, the Chancellor announced transformative reforms to childcare, including:

- The introduction of **30 hours of free childcare for children over the age of nine months**. This will be introduced in phases with qualifying working parents of 2-year-olds able to access 15 hours a week from April 2024, qualifying working parents of children aged 9-months up to 3-years-olds able to access 15 hours a week from September 2024, and qualifying working parents from 9-months to 3-years-olds able to access 30 hours a week from September 2025<sup>1</sup>.
- Investing £289 million in start-up funding **to increase the supply of wraparound care in primary schools** – tackling the barriers to working caused by limited availability of wraparound care. This programme will enable providers (including schools) and local authorities to test flexible ways of providing childcare and gather evidence of what works.

[Section 6 of the Childcare Act 2006](#) requires local authorities to secure, so far as reasonably practicable, that there is sufficient childcare for children up to 14 years old (or older if the child is disabled) available in their area to enable parents to work or train for work. Local authorities are required to secure free provision for children eligible for the early years entitlements<sup>2</sup>. The forthcoming amendments to [the Childcare \(\(Free of Charge for Working Parents\) \(England\) Regulations 2022](#) will place a duty on local authorities to provide free early years entitlements places for children eligible for the extended 30-hours entitlement from the term after they reach the age of 9-months age eligible until the child starts school.

## What is the Childcare Expansion Capital Grant?

This funding is intended to support the expansion of childcare places.

The department is providing £100m of capital funding in 2023-24 to support local authorities in delivering the expansion of the 30-hours early years entitlement for working families and of wraparound provision in primary schools.

The Childcare Expansion Capital Grant funding is allocated to local authorities based on:

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<sup>1</sup> Children are eligible from the term following the child reaching 9-months to the term in which they turn 3-years-old

<sup>2</sup> Section 7 of The [Childcare Act 2006](#) (for disadvantaged 2-year-olds and the universal entitlement for 3- and 4-year-olds) and Section 2 of the [Childcare Act 2016](#) (for 30 hours childcare).

- Likely take up of the expanded 30 hours offer in the local authority – based on Part Time Equivalent (PTE) data for the existing 30 hours offer for 3- and 4-year-olds (where a child taking up 15 hours of provision is 1PTE and child taking up the full 30 hours is 2PTE).
- The number of state funded mainstream primary schools in the authority that do not offer any existing wraparound provision or only offer before or after school provision (but not both).

Further detail on the methodology used to calculate these allocations is available in our separate methodology note, available at [Childcare Expansion Capital Grant funding](#).

The grant funding is subject to certain conditions, as set out in the published Grant Determination document, though un-ringfenced. It is ultimately for local authorities to determine how to best use the funding to meet local priorities. This guidance document sets out:

- The intended purpose of this funding;
- Issues that local authorities should consider and suggested types of work; and
- Details of the assurance arrangements attached to this funding.

## Who is this publication for?

This guidance is for:

- Local authorities
- Leaders, staff, and governing bodies in childcare providers, including PVIs and their trustees, maintained nursery schools, maintained schools, academies (including free schools) and academy trusts and their trustees, childminders and childcare on domestic premises, or other institutions that may benefit from this funding.

## Expiry or review date

This guidance is specific to the Childcare Capital Expansion Grants for financial year 2023-24. This guidance should not be taken as an indication of any future funding, methodology or approach to childcare capital funding the Department for Education may take in future.

## Intended purpose of this funding

Childcare Expansion Capital Grant allocations are being provided as an un-ringfenced grant under section 31 of the Local Government Act 2003, subject to conditions detailed in the associated Grant Determination Letter available at: [Childcare Expansion Capital Grant funding](#).

Whilst it is ultimately up to local authorities to determine how best to prioritise this funding to address local priorities, it must be spent on capital projects, and is being provided to meet the capital costs associated with projects that help ensure sufficient places for:

- Children taking up an early years place through the expanded 30-hours entitlement for qualifying working parents (from the term following the child reaching 9-months to the term in which they turn 3-years-old);
- Increasing the supply of wraparound childcare for primary-school aged children.

Local authorities may also consider use of this grant to fund central capital works (e.g., modifications to IT systems, etc.,) where they are necessary to enable the roll-out of entitlements.

If you have doubts about what is capital expenditure, you should seek local professional advice.

## Suggested types of work

We strongly encourage local authorities to spend this funding in ways that best match the needs of their local communities, focusing on projects that will increase the physical capacity of early years and wraparound provision in local areas where demand is likely to exceed existing supply.

Local authorities should be mindful to ensure that new places created are accessible to all children, including those with special educational needs and disabilities. Local authorities may wish to consider projects that will adapt or improve facilities<sup>3</sup> to expand their use or make places available for a wider range of needs.

We expect local authorities to consider the quality of provision before agreeing to provide capital funding to support expansion and would encourage local authorities to prioritise projects in settings rated outstanding or good by Ofsted where applicable. Local authorities must ensure that all PVIs and childminders intended to deliver entitlements or

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<sup>3</sup> It is not intended that work to improve suitability or accessibility includes routine maintenance or refurbishment required primarily because of building condition. Routine maintenance and refurbishment remains the responsibility of the appropriate body (e.g., building owner/landlord where the setting is a PVI). For schools, local authorities and other responsible bodies should continue to use their allocated condition funding for these purposes, i.e. School Condition Allocations (SCA), Devolved Formula Capital (DFC) and for some academies the Condition Improvement Fund (CIF).

wraparound places are registered with Ofsted<sup>4</sup> (or, in the case of childminders, with Ofsted or a Childminder Agency), and that, where the setting is intending to offer entitlements places, the setting must be delivering the [Early Years Foundation Stage Framework \(EYFS\)](#)<sup>5</sup>. The [National Childcare Wraparound Programme Handbook](#) contains further information about the expectations on quality for wraparound provision.

Examples of types of projects we would encourage local authorities to consider therefore include, but are not limited to:

### **Examples of appropriate early years projects:**

- Projects that enable and/or increase access to childcare places for eligible children;
- Projects that adapt, re-model or improve existing childcare places to make them suitable for a wider range of needs;
- Central capital works required to enable delivery of the entitlement.

### **These could be achieved through:**

- Expansion of existing childcare provision, including expanding existing provision to a different or additional site;
- Remodelling of existing provision to create additional capacity;
- Creation of new childcare places, whether via the creation of new settings, or expanding provision in existing providers;
- Modifications or improvements to central IT systems used by the local authority to deliver the entitlements.

### **Examples of appropriate wraparound projects:**

- Projects that enable the creation of new wraparound places and/or increase access to wraparound places (where suitability of space may be a concern);
- Projects that adapt, remodel or improve existing wraparound provision to make them suitable for a wider range of needs;
- Purchasing fixed assets required to deliver wraparound provision.

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<sup>4</sup> As required by the [Childcare Act 2006 \(legislation.gov.uk\)](#).

<sup>5</sup> As required by Regulation 6 of [the Childcare \(Free of Charge for Working Parents\) \(England\) Regulations 2022 \(legislation.gov.uk\)](#)

## These could be achieved through:

- Building modifications to enable use of space outside main school/setting operating hours, e.g., secure external access, outside lighting to enable outdoor space to be used year-round;
- Building modifications to adapt space for use to deliver inclusive wraparound childcare;
- Improvements to storage;
- New physical assets such as minibus purchase (to support a hub model of wraparound provision), play equipment (including outdoor play equipment), or tables and chairs. To be considered capital expenditure the asset must bring an economic benefit, and able to be depreciated, over more than one financial year.

The funding can be used to provide new places in a range of provider types, where these are offering the 30-hours early years entitlement and/or providing wraparound provision for primary-aged children. This includes, but is not limited to:

- **Private, Voluntary and Independent Providers:**
  - Private group-based providers, registered with Ofsted (e.g., pre-schools and day nurseries);
  - Voluntary group-based providers, registered with Ofsted (including community groups, charities, churches, or religious groups);
  - Independent providers offering the early years entitlements.
- **State-funded schools:**
  - Local authority maintained primary, infant, and junior schools (including special schools) offering early years entitlements and/or wraparound provision;
  - Primary, infant, or junior academies or free schools (including special schools) offering early years entitlements and/or wraparound provision;
  - Maintained nursery schools.
- **Childminders and childcare on domestic premises.**

Where a local authority is considering providing funding to a childcare provider with domestic premises on site (including childminders, childcare on domestic premises or other provision where the provision is situated in or alongside domestic premises), they should ensure the nature of what is being requested and why, and how this benefits the childminding setting and children in their care has been clearly demonstrated. Unless there are exceptional circumstances, we would not expect that funding is provided for general refurbishment, replacement or repairs of fittings within the domestic premises. However, each case should be assessed according to the need, circumstances and environment that the childminding is being delivered.

This grant funding is **not** intended for:

- Routine maintenance or refurbishment of premises;

- Capital works to maintain and improve the condition of the school estate, which should continue to be covered by Devolved Formula Capital funding (DFC), the Condition Improvement Fund (CIF) or School Condition Allocations (SCA);
- Childcare providers not providing Early Years entitlements or wraparound care.

The funding is provided for capital purposes only and **cannot** be used for revenue expenditure of any kind, such as training or staff costs, resources/assets that do not meet the definition of capital expenditure given above (such as toys, books, clothing), etc.

If you have doubts about what is capital expenditure, you should seek local professional advice.

## **Subsidy Control Act**

As the public body allocating funding from the Childcare Expansion Capital Grant, local authorities should ensure that they remain compliant with the Subsidy Control Act 2022. They should consider the detailed [statutory guidance](#) available and may also find this [overview](#) of the key requirements in the act helpful.

## Planning and procurement

We expect local authorities to be mindful of existing and pipeline provision when approving projects (e.g., existing expansions or pipeline free schools that are proposing to offer wraparound provision and/or entitlements places). Local authorities should also make an assessment of the likely impact of proposed works on existing provision, including provision offered by schools, childminders and PVI's.

Local authorities should be mindful of other capital funding streams available to schools and of other capital projects being undertaken. We would expect local authorities to think strategically and consider economies of scale or efficiencies that may be achieved by combining works. As part of their pupil place forecasting, local authorities should consider surplus capacity in the school estate and how this can be utilised to provide early years or wraparound provision.

Local authorities should consider the feasibility of any proposals to expand provision and consider whether the proposals represent good value for money. We would expect local authorities to work with providers to ensure that a project does not impact the stability of the provider, e.g., ensuring that any relevant provider agreeing to expand their capacity has considered the implications for sustainability, including business rates and VAT, and can make best use of the space by ensuring sufficient workforce. Local authorities should consider the long-term sustainability of the provision the capital funding will enable when deciding which projects to prioritise for capital funding.

Local authorities should also consider how they can secure wider social, economic and environmental benefits when commissioning public services/projects. Before they start the procurement process, local authorities should think about whether the works and services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders. In addition to local social value priorities, local authorities should consider the themes and policy outcomes in the Social Value Model. Further guidance is available at: [Social Value Act: information and resources](#).

Where relevant (e.g., where a project is taking place in a school), we expect local authorities to conduct a robust evaluation of procurement options for any education capital projects and, in doing so, to consider the use of both DfE's Construction Framework and its Modern Methods of Construction (MMC) Framework where these are likely to deliver overall savings and advantages (for more information on these see [School buildings: construction framework 2021](#) and [modern methods of construction \(MMC1\)](#)). Where appropriate, a local authority should encourage other responsible bodies and schools to do the same, should they procure a construction project directly.

Where projects are taking place in school-based settings, we also strongly encourage local authorities to refer to the [School Output Specification 2022](#). This is a set of documents and tools that form the requirements for the design and construction of school building projects that are procured through the Department for Education's construction

frameworks, and Annex 2J sets out the quality standards and performance requirements relating to sustainability for school buildings and grounds. Even if local authorities are not delivering their project through the DfE's Construction or MMC framework, these documents help set out best practice for delivering school buildings to higher sustainability standards, including considerations relating to buildings that are net zero carbon in operation and with additional climate resilience measures.

## Local consultation

Local authorities should be mindful of any local arrangements for appropriate and proportionate consultation with local parents, carers, young people, and providers when developing their plans and determining specific projects. Effective engagement with parents, carers and providers will help local authorities ensure that funding goes towards projects that will meet the needs of children and families.

When proposing changes to existing school provision, local authorities should ensure they have appropriate regard to our statutory guidance on [making significant changes to maintained schools](#) or, if working with an Academy Trust, to our equivalent guidance on [making significant changes to an open academy](#).

When providing detail of their capital spending plans through their Grant Assurance Data returns (detailed [below](#)), local authorities should also set out the details of any relevant consultation or engagement with local stakeholders they have undertaken in developing their capital proposals.

## Payment and Assurance Arrangements

The Childcare Expansion Capital Grant funding will be paid to local authorities in one instalment on **1st February 2024**. Local authorities will be required to verify that this funding has been spent on capital projects through section 151 officer's return.

We are also asking local authorities to complete and return a short grant assurance data return at an appropriate interval, to provide details on the projects they intend to fund using this grant. Local authorities should therefore complete the published template available at: [Childcare Expansion Capital Grant funding](#), setting out their intentions for the funding. Local authorities should endeavour to include in their returns any projects receiving funding from this grant, even where these have not yet been completed.

Local authorities should return their completed templates to the Department for Education by **14 June 2024** by emailing it to: [capital.ALLOCATIONS@education.gov.uk](mailto:capital.ALLOCATIONS@education.gov.uk).

Local authorities are not required to publish these returns on their websites, but we would strongly encourage local authorities to consider doing so to aid local transparency.

We recognise that not all of the grant funding may be committed by **June 2024**, and therefore the template includes space for funding that it not currently committed to a project. We would however encourage all local authorities to complete the data return template to the best of their abilities as this provides valuable insight into the needs and the priorities of the sector, which helps inform future policy development. If certain information might be considered locally or commercially sensitive (i.e. detailed costings for projects still in procurement or naming specific institutions where this might pre-empt local consultation), local authorities should consider whether they can instead provide indicative figures or generic information (e.g. a plan to create 'X' new places for 1-year-olds in an unidentified local primary school/PVI, pending the conclusion of local consultation etc.).

Local authorities should return an updated template to the Department by **17 June 2025** by emailing it to: [capital.ALLOCATIONS@education.gov.uk](mailto:capital.ALLOCATIONS@education.gov.uk).

This return should provide an update on planned projects and any previously uncommitted funding.

If local authorities have any queries or concerns about the information requested, they can contact us at [capital.ALLOCATIONS@education.gov.uk](mailto:capital.ALLOCATIONS@education.gov.uk) for further information or guidance.

The Chief Executive and Chief Internal Auditor of each of the recipient authorities are required to sign and return the declaration specified in the grant determination letter to the Capital Payments & Assurance Team within the Capital Directorate of the Department for Education

## Timeline

Date	Milestone
<b>30 November 2023</b>	Publication of local authority allocations for the Childcare Expansion Capital Grants.
<b>On 1st February 2024</b>	Local authorities will receive payment of their allocation.
<b>By 14 June 2024</b>	Local authorities should complete the assurance data return template and return this to: <a href="mailto:capital.ALLOCATIONS@education.gov.uk">capital.ALLOCATIONS@education.gov.uk</a>
<b>By 17 June 2025</b>	Local authorities should send an updated assurance data return to: <a href="mailto:capital.ALLOCATIONS@education.gov.uk">capital.ALLOCATIONS@education.gov.uk</a>



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