

# Expansion of early years and wrap-around childcare - Request to accept capital and revenue funding and future arrangements for the allocation of funds

Date: 5 November 2024

Report of: The Sufficiency Manager of the Sufficiency and Business Relations team

Report to: The Director of Children and Families and Interim Assistant Chief Executive

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

## Brief summary

Childcare Expansion Capital Grant funding has been allocated to all local authorities to support the development of the following types of places;

- Funded childcare places for children aged 9-months to 4-year-olds and/or
- Wraparound provision for primary school aged children

Leeds has received £1,468,854.51 through this grant.

In addition, a National Wraparound Childcare Programme Funding Grant has been allocated as above to support the development of wraparound provision for primary school aged children. Leeds is estimated to receive £3,355,610.49 through this grant, by instalments.

This report seeks approval to accept receipt of this grant funding, to approve the application process and allocation of the funds for current and future bidding rounds, and to grant authority to spend in the current and any future application rounds.

## Recommendations

It is recommended that the Interim Assistant Chief Executive :

- a) Approves receipt of the Childcare Expansion Capital Grant and National Wraparound Childcare Programme Funding Grant.

In addition, it is recommended that the Director of Children and Families:

- b) Approves arrangements for the application process and associated allocation of grant funding for the current and any future rounds under these two programmes;

- c) Grants approval for authority to spend (ATS) of up to £1,468,854.51 of Childcare Expansion Capital Grant and up to £3,355,610.49 of National Wraparound Childcare Programme Funding on successful applications received in the current and future application rounds; and
- d) Notes that decisions on which providers should be allocated funding under these grants will be taken as administrative decisions or publishable administrative decisions.
- e) Notes that the responsible officer for implementation is the Deputy Director Learning.

## What is this report about?

- 1 Guidance was published by the DfE in November 2023 setting out the terms for capital funding and Programme (revenue) funding to be provided for local authorities to support the take-up and availability of childcare across England for working families. Both schemes are intended to create or extend wraparound care for school aged children from 8am to 6pm. The capital funding scheme is also aimed at increasing the supply of funded early education for eligible children aged 9 months upwards.
- 2 From April 2024 eligible working parents of 2-year-olds became entitled to access 15 hours per week of funded early education for their child. From September 2024, eligible working parents of children aged 9 months to 3 years old can access 15 hours of childcare support (funded places). From September 2025, eligible working parents of children aged between 9 months and 5 years old will be entitled to 30 hours of (funded) childcare support. From September 2024, it is also expected that there will be an increase in the number of wraparound childcare places available for school aged children across England.
- 3 To support these programmes, capital and revenue grant funding has been provided to Local Authorities to award to schemes that create/expand funded childcare and wraparound places. More information about the Childcare Expansion Capital Grant can be found [here](#). More information about the National Wraparound Childcare Programme can be found [here](#). A memorandum of understanding (MoU) for both the capital and revenue grants has already been signed by the Director of Finance and returned to the DfE. “The MoU is a non-legally binding document that sets out the agreement between the local authority and the Secretary of State relating to the payment to the local authority of the grant funding for the delivery of the programme. Whilst this is non-legally binding, local authorities are expected to use the programme funding in line with the expectations in the MoU. The MoU sets out the purpose of the grant and expectations of management and use of the grant, including, funding arrangements, reporting and evaluation requirements and eligible expenditure”.
- 4 Local authorities will be required to verify that the capital funding has been spent on capital projects through the section 151 officer’s return and must submit a Statement of Grant Usage to the DfE for the wraparound grant at the end of each financial year, by the required deadlines.
- 5 The approach taken in Leeds to distributing capital and revenue grant funding has been to invite childcare providers to bid for a share of it and to assess applications to determine which are suitable to progress. An initial application round closed on 31 July 2024, and it is intended that more will follow. Although the first round invited applications for capital and/or revenue funding, future rounds may be targeted on just capital or just revenue only.
- 6 In the first application round an online form was available for applicants to describe their proposals including key details like cost estimates, timescale for delivery, the nature of the scheme and what it would deliver in terms of places and benefits. Once the round had closed a panel of officers reviewed all applications received and determined whether each one had met a threshold before

deciding whether funding could be allocated. Factors such as value for money, demand, sustainability, quality, and risk were considered. It is intended that successful applicants will be required to sign a legal agreement which sets out the terms under which the grant funding will be allocated. There will also be an expectation that the impact of successful schemes will be monitored through recording of the number of places delivered. It is intended that future bidding rounds would follow the same overall arrangements as the initial one.

- 7 Successful revenue bids included 6 from childminders, 8 from private/voluntary/independent providers and 18 from schools. Successful capital bids included 6 from childminders, 15 from private/voluntary/independent providers and 7 from schools. Some applicants were successful with bids for both revenue and capital funding.
- 8 The decisions requested in this report are to accept receipt of the grant funding and to approve the process and allocation of the funds for the current and any future application rounds. Decisions on which providers should be allocated funding under these grants will be taken as separate administrative decisions.

### **What impact will this proposal have?**

- 9 The Childcare Expansion Capital Grant scheme (2023) is intended to support the development of additional childcare places and wraparound provision (before and after school care for children aged 4 to 11) to enable parents/carers to access work and training opportunities. The National Wraparound Childcare Programme Funding Grant is also intended to support the development of wraparound provision. It is intended that all parents/carers of primary school children who need it will be able to access childcare in their local area from 8am – 6pm.
- 10 The grant application process for requesting financial support from either or both schemes is open to all registered providers including group-based settings, childminders, and schools across the city. The creation and expansion of childcare places including wraparound for primary school-aged children will have a positive impact across all areas of the city by providing additional capacity and availability of childcare for working families, supporting the priority of ensuring children have the best start in life.

### **How does this proposal impact the three pillars of the Best City Ambition?**

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 11 The recommendation is to approve ATS for the Childcare Expansion Capital Grant (2023) and National Wraparound Childcare Programme Grant funding monies to be assigned to projects across the city that would provide additional childcare and wraparound places. The relationship between the authority and its schools and other early years providers must influence city-wide agendas such as contributing towards the achievement of the Best City Ambition that people are 'supported to thrive from early years to later life' with a focus on ensuring children in all areas of the city have the best start in life and enjoy a happy and friendly childhood. Our focus is also on the obsession to 'improve achievement, attainment and attendance at school' with a focus on 'enabling all children and young people - particularly those learners who are vulnerable to poor outcomes to realise their potential.' Having access to good quality early years and wraparound provision is an important contributing factor towards this ambition.
- 12 Schemes funded by these grants would also support the Best City Ambition that 'Leeds will be a place where we create growth in our economy that works for everyone'. The provision of additional childcare and wraparound provision would be a key enabling factor towards the obsession of 'ensuring people of all ages and backgrounds can enjoy access to education, skills

development, and employment opportunities to meet their needs and the needs of a growing economy’.

### **What consultation and engagement has taken place?**

Wards affected: All

Have ward members been consulted?       Yes       No

- 13 Although there is no specific requirement to consult on the appropriation of the Childcare Expansion Capital Grant (2023) and National Wraparound Childcare Programme Funding Grant, local authorities are expected to allocate the funds along the principals of addressing unmet need or additional demand for childcare and wraparound places. To this end an application round was open between 8 and 31 July 2024 so that prospective providers could apply to Leeds City Council for funding. The application round was publicised widely including via emails to schools and other providers and via social media channels and Leeds for Learning. A total of 63 bids were assessed as successful in this round and these represent 21 schools, 28 private/voluntary/independent providers and 14 childminders.
- 14 It is intended that there will be future application rounds to enable remaining grant funding to be spent within the timeframe of the programmes, so before April 2026.
- 15 Ward members were emailed the details of the funding application window on 8 July 2024 and the Executive Member Children & Families was briefed in July 2024.

### **What are the resource implications?**

- 16 LCC has incurred costs in administering the grant funding awards, and a considerable amount of officer time has been spent across several teams in managing it. This includes Sufficiency and Business Relations, Procurement and Commercial Services Legal and Finance. Up to 11% of the resource grant funding can be used by Local Authorities to help support and deliver the wrap around programme which LCC intends to do.

### **What are the key risks and how are they being managed?**

- 17 There are risks associated with the impact and sustainability of proposals, in particular that places created or expanded through the grant funding will not fill or be sustainable long term. When bids were being assessed, careful consideration was given to factors such as supply and demand and how well-established providers are.
- 18 The Department for Education requires Local Authorities to monitor and report on the number of wraparound places created through the two grant funding streams. In addition to this, claims data will provide information about the number of funded places available at settings run by successful applicants, so it will be possible to compare this with data from before the grants were awarded.
- 19 Providers can bid for capital and resource funding to support the extended entitlement programme and/or resource funding to support the increase in wrap-around care. To ensure compliance and control, each award will be subject to a set of terms and conditions which will set out key details about what is being delivered and what is required by providers. LCC will retain a right to recover funds that have not been spent appropriately and may look to re-assign any recovered funds to an alternative scheme.

### **What are the legal implications?**

20 This is a Key Decision and is subject to call-in. Outcomes on future successful applications will be managed through the administrative decision process. As part of the decision making, current lease arrangements will be considered along with other land and property implications.

## **Options, timescales and measuring success**

### **What other options were considered?**

21 Alternative arrangements for distribution of grant funding were considered and research was done to understand how other local authorities were approaching this. Some smaller authorities have approved bids where bids were below or at the funding levels. However, to allow providers to be creative and ambitious in their plans, it was decided that restrictions would not be applied when proposals were submitted and that all bids would be considered on their own merits. Factors such as value for money, local supply and demand of/for places, quality, sustainability, and risk formed important parts of the assessment process.

### **How will success be measured?**

22 The number of claims for Funded Early Education Entitlement (funded childcare places) will be monitored. Successful providers will also be required to report to the local authority on the number of wraparound places created/extended after receiving grant funding.

### **What is the timetable and who will be responsible for implementation?**

23 The capital and revenue funding programmes finish in April 2026, and all grant funding must be allocated by then. Individual schemes will have differing delivery dates, with some due to be implemented soon after decisions are shared with successful applicants following the first bidding round. Local authorities will be required to verify that the capital funding has been spent on capital projects through the section 151 officer's return and must submit a Statement of Grant Usage to the DfE for the wraparound grant at the end of each financial year, by the required deadlines.

24 The officer responsible for implementation is the Deputy Director Learning.

## **Appendices**

25 Equality, Diversity, Cohesion and Integration Screening form.

## **Background papers**

26 None.