



**CHILDREN AND FAMILIES OVERVIEW AND SCRUTINY COMMITTEE:**  
**4 MARCH 2025**

**EXPANSION OF CHILDCARE FOR FUNDED ENTITLEMENTS AND**  
**WRAPAROUND CARE**

**REPORT OF THE DIRECTOR OF CHILDREN AND FAMILY SERVICES**

**Purpose of report**

1. The purpose of this report is to inform the Committee of the Council's statutory duties with regards to childcare and provide an overview of the work being undertaken by the Early Years Inclusion and Childcare Service to support the delivery of the expansion of early education and childcare provision.
2. Local authorities have a statutory duty to:
  - Secure sufficient childcare, so far as is reasonably practicable, for working parents, or parents who are studying or training for employment, for children aged 0 to 14 or up to 18 for disabled children;
  - Ensure early years provision is free of charge, and to secure 30 hours of free childcare over 38 weeks of the year for qualifying children of eligible working parents whose children are nine months plus;
  - Secure wraparound care during the school term for those parents who require it.
3. In addition to these statutory duties, local authorities are responsible for the provision of information, advice and assistance to parents, and the provision of information, advice and training to childcare providers.

**Policy Framework and Previous Decisions**

4. The Childcare Act 2006 places a duty on the Local Authority to administer and monitor the take up of the Free Early Education Entitlement (FEEE) for eligible disadvantaged two-year-old children. In Leicestershire, 62% of eligible children accessed their funded childcare place in autumn period 2024.
5. The Childcare Act 2016 introduced a new statutory requirement for Local Authorities. From September 2017, extended entitlements became available equating to an additional 15 hours per week of free childcare for eligible working parents of three and four-year-olds. The policy was intended to make childcare

more affordable for parents so that they can take up work or work additional hours.

6. In the Government's Spring Budget 2023, the Chancellor of the Exchequer announced that funded childcare hours would be extended to children of eligible working parents in England from nine months old to support increased parental engagement in the labour market.
7. The measures announced will expand the existing system by offering up to 30 funded hours of childcare per week over 38 weeks of the year to children aged nine months and over whose parents meet the same income eligibility criteria as applied to the existing 30 hours entitlement for three and four-year-olds. The policy has had a phased rollout, with 15 hours per week for 38 weeks a year offered to eligible two-year-olds from April 2024 and to eligible children under two from September 2024. The new entitlement will be offered in full from September 2025.
8. The national wraparound childcare programme is part of the childcare reforms announced within the Spring Budget 2023. The Government's ambition is that by 2026 all parents and carers of primary school-aged children who need it will be able to access term time childcare in their local area from 8am-6pm, so that parents can access employment, improving labour market participation.
9. This programme will only focus on primary school-aged children from reception to year six, Monday to Friday during term time. This will enable schools to introduce or expand childcare provision on either side of the school day, which parents of primary school-aged children will be able to pay to access.

### **Background**

10. The Council has a duty to secure sufficient high-quality childcare provision which supports parents back into work or study (this includes out of school and holiday provision 0-14 (18 years for young people with SEND)). The Early Years Inclusion and Childcare Service delivers and commissions support to those providers that are judged to be less than good by Ofsted. The Service provides advice and guidance to all providers in the County. In Leicestershire, 97% of all childcare providers have a rating from Ofsted of either good or outstanding.
11. In Leicestershire, the childcare market is dominated by private, voluntary and independent (PVI) providers. This means that the role of the Early Years Inclusion and Childcare Service is critical in positively influencing and shaping the market for providers and securing improved outcomes for pre-school children.
12. COVID-19 had an impact on the sustainability of Early Years providers. This has been compounded by increasing costs for rent, pension and National Insurance contributions and the increase of the national minimum wage, alongside rising cost of living, particularly for fuel and food. The ongoing loss of childcare places is concerning as more places continue to be required due to the expansion of the funded childcare scheme. Since 2022, 1749 net childcare places (including PVI

and childminder) have been lost in Leicestershire. During this academic year 2024/25, there have been 1077 new active places created across PVI and childminders, and 1489 places lost due to closed providers. The net position at end February 2025 is an overall loss of 412 places.

13. In line with the model in place for three- and four-year-olds, from April 2024 working parents of two-year-olds can access 15 hours of free childcare. Children are eligible for their funded childcare place the term after their second birthday. Parents are required to verify their eligibility through the HMRC website every three months to receive a valid code.
14. From September 2024, eligible working parents with a child from nine months old up to school age are entitled to 15 hours of funded childcare a week. Children can take up their funded childcare place the term after they are nine months old. Parents are required to check their eligibility through the HMRC website every three months to receive a valid code.

	Summer period		Autumn period	
	2-year-olds	Under 2-year-olds	2-year-olds	Under 2-year-olds
Number of children codes issued	4234	N/A	1643	4571
Number of codes validated	4157	N/A	1554	4218
Percentage of children taking up their places	98.18%	N/A	94.58%	92.2%

15. Funding is provided to the Council through the Early Years Block within the Dedicated Schools Grant (DSG). The funding is based on the January census data completed by providers. The Council is responsible for submitting the data to the Department for Education (DfE).
16. Early Years DSG funding to local authorities is demand-led. This means that local authorities are funded on actual take-up of the entitlement hours. DfE normally use the data from an annual census, taken in January, to record take-up of the entitlement hours. However, as the new working parent entitlement for two-year-olds started from April 2024, it was not recorded in the 2024 January census count, which is normally used to establishing funding for the 2024 Summer Term. As the working parent entitlements for both the two-year-olds and under twos are new, the DfE will not have actual take-up data for the new entitlements available. Therefore, new data will need to be collected by DfE in order to ensure individual local authorities are accurately funded for the new entitlements in 2024-25. Termly data submission has been requested by the DfE for 25/26 to that ensure local authorities are paid accurately for children taking up their entitlements.

	Summer period 2024		Autumn period 2024	
	2-year-olds	Under 2-year-olds	2-year-olds	Under 2-year-olds
Number of children taking up hours	3830	N/A	4254	3967
Average funded hours	14.31	N/A	13.26	12.67

### **Implementation work: Funded childcare places**

#### Sufficiency

17. To support local authorities with planning for the expansion of childcare, the DfE released data to support sufficiency mapping based on existing and new childcare places required and the hours needed. This predicted number is based on registered Ofsted places and the expectation that providers will convert their paid for places to funded places. It was anticipated that an additional 40 places would be required for April and a further 68 for September. However, it should be noted, not all Leicestershire Providers are operating at full capacity and are unlikely to convert all of the DfE predicted funded places. Thus, leaving a shortfall of places and hours compared to the data that the DfE expect Leicestershire to develop. The Service has estimated that a further 936 places will be required.

Estimated places for April 2024	Estimated places for September 2024	Estimated places for September 2025
40	68	936

18. The Service has undertaken work with the sector to understand what capacity there is available in order to achieve an expansion of childcare places. A focus group has been developed with the National Day Nursery Association (NDNA) and links have been made with Professional Association for Childcare and Early Years (PACEY). Questionnaires have been circulated within the sector in order to assess childcare spaces and waiting lists, building space, and opportunities for expansion, recruitment, and opening times.

#### Capital grant

19. Leicestershire County Council has received a Childcare Expansion Capital Grant totalling £1,177,525 to support the expansion of childcare places. 80% of the grant is allocated for early childcare funded places and 20% for wraparound places.
20. To ascertain where this funding is most needed, a further survey has been circulated within localities where the Service identified there were insufficient childcare places. The responses to the survey have enabled the Service to

prioritise where capital funding should be targeted to enable growth in these areas.

21. The questionnaires have also enabled the Service to ascertain where providers are likely to need to re-provision their space to accommodate more children, extend their premises, or purchase a new property. The Capital Grant will only partially pay for expansion of places, and it is expected that providers will also need to contribute to ensure that capital projects are sufficient to meet demand. Officers within the Service will monitor the creation of places and take up of these places during the lifetime of the Programme.
22. The Council ensures that it complies with the Subsidy Control Act 2022 (SCA 2022) when allocating funds from the Capital Grant, to ensure fairness in awarding public subsidies. Guidance has been obtained from legal services at the County Council to ensure the Service is compliant in carrying out the awarding process.
23. To date, monies have been allocated from the Childcare Expansion Capital Grant for projects which in total would aim to create a further 275 places, in areas that have been prioritised as needing additional childcare for children under two years old. These places are expected to be available by September 2025.

#### Marketing materials

24. The Service has supported the sector to be ready for the expansion in childcare provision by sharing and marketing the DfE digital promotional materials to help parents with understanding and taking up the new funded childcare offer. The Service has also promoted the childcare offer on Facebook and X so that parents can learn more about what they may be entitled to.
25. The Service has reviewed its funded childcare webpages for parents in line with the expansion of childcare and developed a "Choosing Quality Childcare" leaflet. To support providers with high quality provision for children under two, a range of training has been developed. This includes a conference for providers supporting communication, self-regulation, schemas (observing and reacting to children's pattern of repeated actions), and the home learning environment. Training has also been developed to support practitioners working within baby rooms. The Service has worked with East Midlands Stronger Practice Hub to support further professional development opportunities for the sector. Early Years Stronger Practice Hubs provide advice, share good practice and offer evidence-based professional development for early years practitioners.

#### Retention and recruitment

26. The Early Years sector is facing a retention and recruitment crisis at a time when an expanded workforce will be needed to deliver additional places. A new national recruitment campaign has been launched by the DfE to support nurseries and early years providers to recruit the workers they need to offer more childcare places for parents.

27. The Do Something Big recruitment campaign will encourage people to start a career working with small children. This Campaign has been shared with the sector. In addition to this, the Service has recently employed a workforce recruitment officer to further support providers. The Officer has attended job fairs across the County, including those at schools and colleges, to promote a career in childcare. The Service also has a job opportunities page which promotes any vacancies across the sector.
28. Recent data from the questionnaires received from providers highlighted that 50% identified retention and recruitment as a significant barrier to expanding provision. The Service has used the responses to target training. Those providers have been invited to attend training regarding retention and recruitment of staff and received a follow up visit from the Officer to discuss future needs and areas for development.
29. In 2024/25, 126 apprentices have been supported to start a career in childcare using the local authority apprenticeship levy. However, there remains a high dropout rate, and the Service is undertaking work with colleges and other educational settings to understand the reasons for this in order to reduce future attrition.

### Childminders

30. Parents have the flexibility to choose how they spend their government-funded hours, and many opt to use childminders. Within the last two years, 69 Leicestershire childminders have left the sector. This is in line with national trends. The number of childminders registered with Ofsted had decreased by 4% since 31 August 2023. However, the Government is offering start-up grants to new childminders joining the profession. These grants are available until March 2025. Prospective childminders can either receive £600 if registering with Ofsted, or £1,200 if registering with a childminder agency. The grant size reflects the different costs of registering. The Service has supported eight new childminders to join the sector since the introduction of the scheme, in 2024.

### Wraparound Childcare

31. An ambition of the national wraparound childcare programme is to improve the availability of wraparound provision by setting up new provision or expanding current provision, both in terms of number of places and hours available. The expectation is that local authorities fund providers to over-supply places to generate additional demand, so parents are assured of the availability of provision. If provision is not available, parents/carers are more limited in the decisions they can make about returning to work, taking a new job, or working the hours that they wish.
32. There was a strong expectation that local authorities should aim to have as many places as possible available to parents by September 2024, rather than building up places gradually over the funding period.

33. Schools are central to the delivery of the Programme as they operate at the heart of the community, understand the needs of local families, and are usually the first port of call for parents for wraparound childcare. Most parents will access childcare through provision on a school site, either provided directly by the school or by an external provider. or through the school signposting them to alternative local provision, for example nurseries and childminders.

#### Sufficiency

34. To support local authorities with planning for the expansion of childcare, the DfE released data to support sufficiency mapping based on school census data. The DfE expect Leicestershire to develop an additional 2220 wraparound places.
35. The Service has sent questionnaires to schools and providers offering wraparound care to enquire about their current offer and take up of places, availability of space to expand, working in partnership with others and any barriers they may have to offering the new initiative.
36. From the initial response, a further survey has been sent to providers identified as not meeting the core offer. The focus of the survey is to determine if there is demand for the programme in their school.
37. All information received from schools and third parties offering wraparound provision has been used to complete a self-assessment to target where funding will be prioritised and has been sent to the DfE to release revenue funding for 2024/25 which has been agreed. The funding from the DfE is intended to remove barriers to setting up new provision or expanding current provision, including removing the financial risk of setting up new provision when demand is not guaranteed. It is based on a pump prime model, whereby relatively small amounts of government funds are provided in order to spur growth.
38. The Service is working with the DfE to determine how to best use revenue funding to create places in Leicestershire and to ensure that they are value for money. The Service is currently considering using the available Grant for funded places, equipment, promotion of the offer, recruitment, and high-quality staff training. The Service has also developed a range of toolkits to support schools, childminders, and providers to develop their business models for wraparound provision.

#### Revenue funding

39. To support with the oversupply of places, the Service has developed a revenue model of funding for the expansion of wraparound care to either expand the hours and places in existing places or create new places. This payment is intended to provide guaranteed financial support for the annual 190 days of childcare (term time only) for the duration of the Grant. The payment is based on each new and expanded place created.
40. It is anticipated that in that the first and second phase of the allocated grant funding, an additional 1113 new and expanded places will be created. The

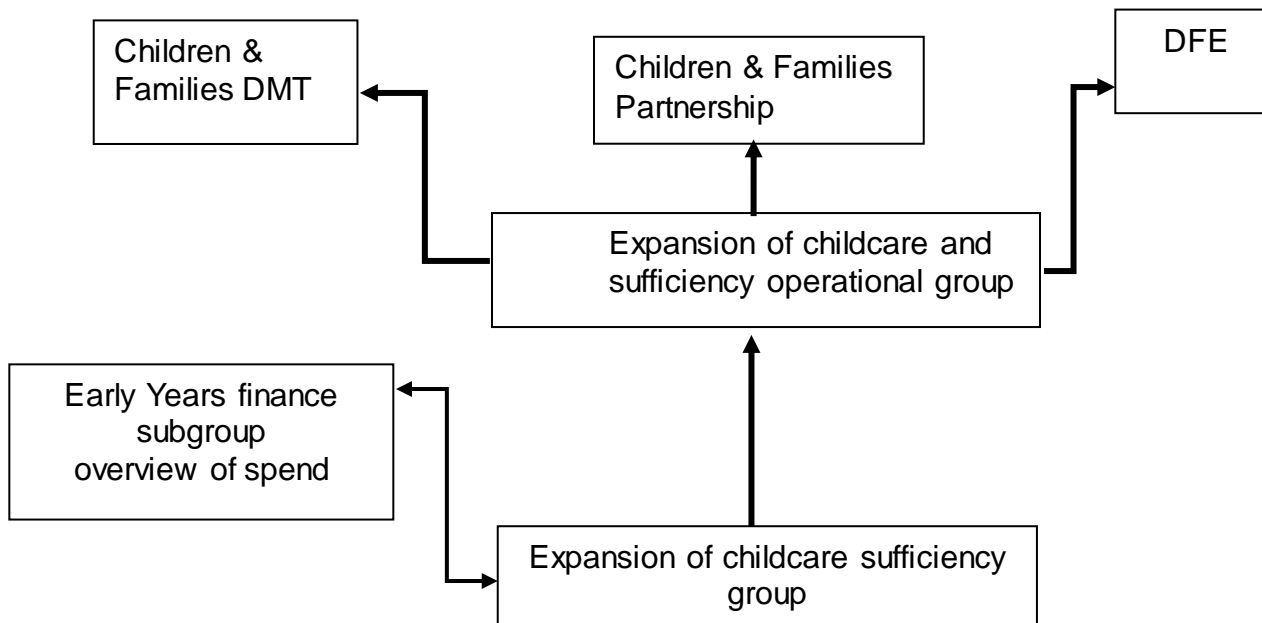
Service will continue to monitor the childcare places created for the duration of the grant and report this to the DfE.

### Capital grant

41. The Wraparound capital grant allocated will enable a further 325 places to be created. These places are expected to be available by September 2025. Providers are paid a one-off payment. If the contract is not adhered to and the places not created, then the clawback clause is enforced.

### Governance of the expansion of childcare

42. To ensure that the grant is spent according to need, an expansion of childcare sufficiency group has been developed from a range of partners from Children Family Services. This group will report any proposed spend to business finance partners and report to the oversight group any progress towards the expansion of childcare places. The Early Years finance subgroup will advise and agree proposals to ensure that any decisions are accurate on behalf of the oversight group. Reports will inform the departmental management team within Children and Family Services, the Children and Families Partnership, and will provide reports as required to the DfE.



### Breakfast clubs

43. Families will soon be able to start accessing free breakfast clubs lasting 30 minutes for their children before school through the new breakfast club programme. Free breakfasts will help ensure pupils start every day ready to learn, in order to improve behaviour, attendance and attainment.



44. The DfE have invited schools to apply to be part of an early adopter scheme, rolling it out to families starting from April 2025. To date, 18 Leicestershire primary schools have become early adopters. These schools will be funded to provide access to a free, universal breakfast club lasting at least 30 minutes which includes a meal.
45. The intention is that as well as helping children thrive academically and socially, breakfast clubs give parents and carers more choices in childcare, and support families with the cost of living.
46. Schools cannot limit the number of places available and are required to ensure that they are inclusive and accessible for all children. This includes children with special educational needs and disabilities (SEND) and children considered vulnerable.
47. Early adopter schools will be funded directly by DfE. Schools should use this funding to cover:
  - Food, including delivery costs; and,
  - Staffing costs.
48. The DfE will make an upfront payment consisting of a one-off payment to cover set-up costs and a lump-sum payment to cover fixed-admin and start-up staffing costs, between April and May 2025, and a second payment, in arrears, between October and December 2025.

### **Early years expansion**

49. Using the data available, Early Years providers (where there is insufficient childcare places) are supported to expand their provisions through capital grant funding.
50. Using the expansion of childcare wraparound grants, the service will encourage and support new providers into the market to offer childcare places to meet parental demand.
51. Childcare providers operating with fewer children than their registered number will be encouraged to utilise the space and will be supported to recruit more staff.

### **Wraparound**

52. Wraparound programme funding will be used to create additional places and ensure existing places are available for the hours that are required, to:
  - meet current demand – both in terms of number of places and hours available;
  - ensure supply to build further demand;
  - test new approaches to identify what works in their local area and identify the level of risk.

## Resource Implications

### Revenue grant for wraparound

53. The Government has allocated funding to support the wraparound care in schools over the next three years, to support capacity building within teams and to set up new and expanded provision to ensure sufficient childcare for children up to the age of 14.

<u>Wraparound Grant</u>		
2023/24	2024/25	2025/26
£28,410	£2,068,954	£957,581

54. Part of this funding is to support capacity building of staff for the implementation of the programme in addition to ensuring the wider infrastructure is fit for purpose to fulfil the services requirement to support the sufficiency duty.

### Capital Grant

55. The Childcare Expansion Capital Grant totalling £1,177,525 has been allocated to support:
- Children taking up an early years place through the expanded 30-hours entitlement for qualifying working parents (from the term following the child reaching nine-months to the term in which they turn three-years-old);
  - Increasing the supply of wraparound childcare for primary-school aged children.

### Delivery of expanded early years entitlements

56. The Council has received a further grant of £102,303.32 for the delivery of the expanded early years entitlements. This grant is intended to support local authorities to meet programme and delivery costs associated with rolling out the expanded early years entitlements. The Service has utilised a significant amount of this grant to pay for the additional funding of finance business support with the increased administration of FEEE and applications due to the expansion of childcare. One of the posts will be responsible for compliance of the FEEE to ensure the funding is being administered correctly in all settings and that invoices are clear and transparent for parents. It is anticipated that the additional central funding created through the expansion of childcare will support the continuation of these posts.

### Funding for early years providers

#### Allocation of Early Years Budget Grant (EYBG) 2024 to 2025

57. The DfE published the details and allocations of Early Years Budget Grant (EYBG) in October to support early years providers with their costs, following a recent teacher pay award. The EYBG will be paid to local authorities to cover the

seven-month period between 1 September 2024 and 31 March 2025. Providers received a further £0.7p for three- & four-year FEEE. For September 24 to March 25, which equates to £5.09.

### Contingency fund

58. Historically, the Council has not held a contingency fund, which is funding that may be set aside to respond to the financial implications of changes in the number of children taking up the entitlements throughout the year. However, in 2021/22 the Early Years Block of DSG recorded a deficit of £4.26 million, as previously reported to the Schools Forum in September 2022. The Early Years DSG deficit as of 31 March 2024 was £3.1m. The plan is to clear this deficit over four years which would be by March 2027.

### 2025/2026 funding

59. Local authorities are required to pass through a minimum of 96% of the settlement to providers, the remaining 4% meeting the cost of the Early Learning and Childcare service.
60. The rates have been reviewed and are designed to support providers in delivering high-quality early education and childcare services. The rates have been set following careful consideration of the current financial environment and alongside a commitment to ensuring sustainable funding for high-quality early years provision.
61. In line with Early Years Operational Guidance, local authorities are required to pass through a minimum of 96% of the delegated budget to providers. The Council has confirmed 2025/26 provider rates to ensure that three- and four-year-olds receive a 96% pass through and the two-year-olds and under receive a 97% pass through. This exceeds the DfE requirements to support providers with offering FEEE. The modelling shows that in Leicestershire, the new entitlement now means that 50% of the funding claims is for 2-year-olds and under who now benefit from a 97% pass through rate. The 96% and 97% respective pass through of funding to providers includes:
- the universal hourly base rate, which is paid to all providers;
  - supplements for deprivation;
  - Special Educational Needs Inclusion Fund (SENIF), which should be targeted at children with lower level or emerging special educational needs (SEN);
  - contingency funding, which is extra money set aside for changes in the number of children taking up the entitlements throughout the year.
62. The centrally retained Local authority element of funding provides and funds services in line with the Early Years Operational Guidance. Such funding is critical and essential in ensuring staff resources, administration, and infrastructure is both appropriate and fit for purpose in ensuring the local authority meets its statutory requirements in delivering the expansion of FEEE entitlements.

Provider rates for 2025/26

63. Provider rates relating to 2025/26 are outlined below:

	2024-25	2025-26	% Provider Increase	2025/26 – Pass Through Rate	2025/26 – Centrally Retained
Three- and four-year-old	£5.02	£5.28	5%.	96%	4%
Two-year-olds	£7.01	£7.28	4%	97%	3%
Under two-year-olds	£9.49	£9.81	3%	97%	3%
Disability Access Fund (DAF)	£910	£938	3%	100%	N/A
Early Years Pupil Premium (EYPP)	68p	£1	47%	100%	N/A

64. To ensure that local authorities are accurately funded for delivering the new entitlements, the Department for Education will continue funding these entitlements using termly headcounts and will fund on a revised allocation profile to better match how local authorities fund providers across the year in 2025 to 2026. Given the additional termly counts for the new entitlements in 2025 to 2026, the indicative allocations for these funding streams will be updated following the data collection each term.

65. It is expected that more children are accessing their funded entitlements due to the expansion of childcare, so a lower amount of central funding is required to maintain the delivery of support to the Early years sector and more funding is passported to providers to support sustainability. However, it should be noted that with the expansion of childcare there is a substantial increase in the administrative tasks of paying providers in a timely way, new government initiatives with nurseries on school sites still requires service support. Early Years SEN data also illustrates the increasing demands of children with high SEN levels and there may be an increased risk of not meeting demand if the retained grant that is permissible reduces significantly when 97% of pass through is mandated.

**Background papers**

Statutory guidance Early education and childcare April 2024:

<https://www.gov.uk/government/publications/early-education-and-childcare--2/early-education-and-childcare-applies-from-1-april-2024>

Wraparound childcare: guidance for local authorities:

[https://assets.publishing.service.gov.uk/media/65d859af6efa83001ddcc55b/National\\_Wraparound\\_Childcare\\_Programme\\_Handbook.pdf](https://assets.publishing.service.gov.uk/media/65d859af6efa83001ddcc55b/National_Wraparound_Childcare_Programme_Handbook.pdf)

Childcare Expansion Capital Grant:

[https://assets.publishing.service.gov.uk/media/66165d051a70cf4b9209316c/Childcare\\_Expansion\\_Capital\\_Guidance\\_For\\_LAs\\_Nov2023.pdf](https://assets.publishing.service.gov.uk/media/66165d051a70cf4b9209316c/Childcare_Expansion_Capital_Guidance_For_LAs_Nov2023.pdf)

Breakfast clubs early adopter guidance for schools and trusts in England:

<https://www.gov.uk/government/publications/breakfast-clubs-early-adopter-guidance-for-schools-and-trusts-in-england>

### **Circulation under the Local Issues Alert Procedure**

66. None.

### **Equality Implications**

67. An Equality Impact Assessment (EIA) has been presented and approved by Children Family Service Department Equality Group for the expansion of childcare for nine months to starting school and is appended to this report. Arising from the recommendations within the action plan, the Service will support preschools to offer places to disadvantaged two year olds to ensure high quality training for the Early years workforce to offer inclusive provision training plan for SEND Mapping provision and open and closures track take up of FEEE places and where this is in the county work with social care to ensure children who are known to those services access their entitlements. This will be reviewed each quarter, from September 2025, to understand whether children are accessing their entitlements
68. An EIA has also been submitted relating to expansion of childcare for wraparound provision. The action plan and recommendations which arise from this assessment will be built into decision making process.

### **Human Rights Implications**

69. There are no human rights implications arising from the recommendations in this report.

### **List of Appendices**

Equality Impact Assessment: Expansion of childcare for nine months to starting school

### **Officer to Contact**

Jane Moore  
 Director of Children Families Services  
 Tel: 0116 3052649  
 Email [jane.moore@leics.gov.uk](mailto:jane.moore@leics.gov.uk)

Tim Browne  
Assistant Director Education SEND Commissioning  
Tel: 0116 3057429  
Email [tim.browne@leics.gov.uk](mailto:tim.browne@leics.gov.uk)

Sue Wilson  
Service Manager Early Years Inclusion and Childcare  
Tel: 0116 3058337  
Email [suzanne.wilson@leics.gov.uk](mailto:suzanne.wilson@leics.gov.uk)