

Early Years Childcare Expansion Capital Grant Application Guidance

Local authorities are required by legislation to secure sufficient childcare, so far as is reasonably practicable, for working parents, or parents who are studying or training for employment.

The Department for Education (DfE) has provided [Childcare expansion capital grant funding](#) and has allocated £557,968.05 to Leicester City Council to support the provision of new early years and wraparound childcare places and ensure that all new places created should be accessible to all children, including those with special educational needs and disabilities (SEND).

This guidance and the associated application form is for Capital funding for expansion of funded early education entitlement (FEEE) places, there is separate guidance and application for the expansion of wraparound childcare places.

The funding can be used to provide new places in a range of provider types, where these are delivering the [Early Years Foundation Stage Framework \(EYFS\)](#) and providing FEEE places. This includes, but is not limited to, existing and new providers in the following sectors:

1. 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.

2. State-funded schools:

- Local authority maintained primary, infant, and junior schools (including special schools) offering early years entitlements.
- Primary, infant, or junior academies or free schools (including special schools) offering early years entitlements.
- Maintained nursery schools.

3. Childminders and childcare on domestic premises and childminders registered on non-domestic premises

For childminders on domestic premises, we will require evidence which clearly demonstrates how this benefits the childminding setting and children in their care and helps create new FEEE places. Unless there are exceptional circumstances, we would not provide funding for general refurbishment, replacement or repairs of fittings within the domestic premises. However, each case will be assessed according to the need, circumstances and environment that the childminding is being delivered.

For new providers we may require evidence of suitable previous experience in the sector.

The capital grants are to support childcare provision based in Leicester and applications from providers from other local authorities will not be considered.

Capital Expenditure

The funding is provided for capital expenditure which must support the creation of new FEEE places for under 2 year olds and 2 year olds (priority age groups), whether via the creation of new settings, or expanding FEEE provision in existing settings, or where existing capacity is being remodelled to enable the provider to deliver more FEEE places for the priority age groups.

For the purposes of this funding, capital expenditure is money spent for building work, equipment or fixtures and fittings that are fixed assets. This would include associated fees (such as architects and structural engineers) where the costs are needed to deliver the project. Funding for capital projects should result in tangible assets (i.e. assets with physical substance) that are expected to be used for more than 1 year.

The funding is not for certain resources such as toys, books etc and cannot be used for revenue expenditure of any kind, such as training or staff costs.

Examples of projects that the capital grant can fund

Examples of projects that can be supported (the list is not exhaustive):

- Projects based on internal remodelling, refurbishment, modifications or improvements to create new FEEE places or remodelling of existing capacity for the priority age groups. Examples of capital works include (but are not limited to):
 - ✓ An increase in the provision of adequate toilet/wash hand basins that would allow providers to take more children. For example, you have a play area that has the capacity to increase your numbers in line with the space requirements as laid out within the EYFS, but there is currently not enough toilet facilities for children.
 - ✓ Creation of a nappy change facility that would not reduce the existing children play space resulting in an increased number of places.
 - ✓ Refurbishing/upgrading an external building to become a children's play area (that is currently not being used for childcare). You will need to consider planning requirements, toilet facilities, electrical/lighting/hot and cold-water provision etc.
 - ✓ Structural and other long-term improvements to the premises, e.g., refurbishment within a building to create more useable and flexible space resulting in an increased number of FEEE places.
 - ✓ Purchase of equipment, furniture, fixtures and fittings as part of the project to increase the number of FEEE places.
 - ✓ New or additional external or internal storage that can be demonstrated to free up space for delivery of additional FEEE places.
- Projects for capital works or equipment that enable and/or increase access and to deliver inclusive FEEE places for eligible children.
- Projects that adapt, re-model or improve existing FEEE places to make them suitable for a wider range of needs.
- Projects that enable use of school nurseries to deliver FEEE places for longer hours each day and potentially all year round e.g. may need to create alternative access and install outdoor lighting etc.

This grant funding is NOT intended for:

- Work that has already been carried out prior to a grant application being approved and signing of the grant agreement by the applicant. There may be circumstances where funding may be approved retrospectively for projects completed after April 2024 which meet the funding criteria, but this will be at the discretion of the local authority.
- Work for routine maintenance or refurbishment of premises required primarily because of building condition and not for increasing the number of FEEE places available.
- Capital works to maintain and improve the condition of the school estate and not for increasing the number of FEEE places available.
- Projects that do not increase the number of FEEE places available.
- Capital works to increase places where, for any reason, the setting is operating to a reduced capacity compared to their Ofsted registered capacity.
- Extensions to premises if there is already a room in the premises which is not registered but which could be converted and used for childcare (potentially through a capital application for the conversion costs).
- Childcare providers not providing early years entitlements.

Assessment and evaluation criteria and expectations of applicants

Your application will be assessed by a funding panel who will use the following criteria to assess applications.

All required information and documentary evidence, including quotes for the capital works, must be included, without which your application cannot be processed.

Please see the checklist within the application form for further details.

Sufficiency

The local authority has a good understanding of the sufficiency of childcare in Leicester in relation to the expansion. Whilst some areas of Leicester require more additional childcare places than others, we are accepting applications from providers in all areas of the city. Applications should clearly set out information on the current and expected increases in demand for your provision, and clearly show the reasons for this. Each application will be reviewed individually with the sufficiency of FEEE places being a key factor in the decision-making process.

- ✓ Local authority data suggests that additional places are required in the area.
- ✓ Provider have supplied evidence of their own data, such as waiting lists / vacancy rates / information about current parents' requirements.
- ✓ Provider has supplied evidence that their current provision is nearly full to capacity and will not be able to provide additional FEEE places without expanding the current registered capacity or there is evidence that the provider has remodelled the existing capacity to deliver more FEEE places for the priority age groups.
- ✓ The project will increase or secure inclusive places for vulnerable children.
- ✓ Priority will be given to those projects that create additional places for:
 - Under 2 year olds and 2 year olds (as these ages are the focus of the new entitlements).
 - 2 year olds, from families receiving additional forms of support, in areas where there are indicative shortfalls.
 - children with SEND in all areas.

The latter two categories are a priority for Leicester because families who require these places are likely to access provision local to their home areas and the availability is likely to be affected by demand for the new entitlements.

Value for money

Significant emphasis will be placed on value for money in terms of places created. Due to the expected requirements for additional places and the limited funding available from DfE, it is vital that providers attempt to provide the best cost per place possible. Therefore, providers should consider this when applying and whether any additional alternative funding can be used to support the project.

- ✓ An analysis of cost per place created will be used to assess value for money.
- ✓ Any additional financial contributions from providers will be seen to support value for money and as evidence of commitment to the long-term viability of the project.
- ✓ Any additional costs above the funding amount agreed will be at the expense of the provider and will not be funded by the local authority.
- ✓ If a project creates both funded early entitlement places and wraparound places for school age children, this will increase the value for money being provided.

Quotes for the capital works

- ✓ You will need to supply at least one quote for the building works proposed and for each item of equipment, fixtures or fittings (the local authority may require submission of two or more 'like for like quotes' for certain works where it is considered necessary).
- ✓ All quotes must include VAT where applicable or state that VAT is not applicable if that is the case.
- ✓ All quotes must be in writing from valid businesses.
- ✓ Equipment quotes can be from legitimate seller websites (applicants should submit the website links where possible).
- ✓ Any quotes from businesses owned by friends or family members must be declared.

Quality of provision – Judged by Ofsted

For inspections before 10 November 2025

- ✓ Providers judged as 'inadequate' or 'not met' will not be funded.
- ✓ Providers must have a Good or above inspection grade from their regulator such as Ofsted or be in the process of initial registration with Ofsted.
- ✓ The local authority may at its discretion award a grant to a provider who has received a grading of less than Good or are new to the market, if the places that it delivers are needed for sufficiency and a local authority assessment shows confidence in the quality of provision.

For inspections from 10 November 2025, under the new inspection framework

- ✓ Providers have their Leadership and Governance graded as 'Urgent improvement' or have their Safeguarding judged as 'Not met' will not be funded.
- ✓ Providers must have a grading of 'Expected Standard' in all areas from their regulator such as Ofsted or be in the process of initial registration with Ofsted.
- ✓ The local authority may at its discretion award a grant to a provider who has received a judgement below 'Expected standard' in any area, or are new to the market, if the places that it delivers are needed for sufficiency and a local authority assessment shows confidence in the quality of provision.

Evidence of financial sustainability

- ✓ Providers should clearly show how the additional places will support their sustainability.
- ✓ For new settings, the provider must submit a business plan with detailed financial forecasts, for at least 2 years, to support the application.
- ✓ We recommend that for existing settings, where capacity is being expanded, the provider providers should have a business plan with detailed financial forecasts, for at least 2 years, for their proposal. The local authority may ask for evidence of these to support your application.

Additional factors (these areas will also be considered)

- ✓ Applications must be submitted before 31 March 2026, and the new places should be available on or before the start of the Autumn Term 2026.
- ✓ Settings must have a valid legal governance structure and be compliant with all applicable filing requirements to apply for the funding.
- ✓ Providers must own the freehold of the land or building or hold a lease (for at least a 5-year duration) and have landlord approval for the capital works to be carried out. Evidence of this will be required and any exceptions will be at the discretion of the local authority.
- ✓ If applicable, providers must include a copy of the rent / lease agreement; this includes schools and academies where they do not own the land.

- ✓ Where applicable, providers must have Planning permission, building regulations or permitted development information, and approval of Leicester City Council's Estates and Building Services for school applications and for property leased from the council.

Please note:

Providers can apply for [pre-application advice](#) via a chargeable advice service to help determine if planning permission is required and for informal advice and guidance for the planning process, if permission is required.

For applications from Childminders on domestic premises, the local authority will have the discretion to require evidence that planning pre-application advice has been taken. In these instances, the local authority will fund the cost of the fees for planning pre-application advice and for the fees for any subsequent planning permission applications made.

- ✓ If you are an academy and you are seeking to directly offer provision or expand provision you will need to submit evidence that this has been agreed by your trust.
- ✓ Documented evidence of any personal / business contribution, or funding from other sources to the project, such as other grants, bank loan agreements, business reserves etc.
- ✓ Providers must supply a delivery plan which indicates the timescale of the proposed project to be completed and when the additional FEEE places will be made available (should be by the end of the Spring Term 2026).
- ✓ Providers must work collaboratively with the local authority and respond to data collection requests from the local authority promptly.
- ✓ Providers must supply evidence that they will provide inclusive provision, for example for vulnerable children including 2 year olds from families receiving some additional forms of support and children with SEND.
- ✓ Where possible, providers must be promoting availability of government childcare subsidies to parents, including Tax-Free Childcare and Universal Credit childcare.
- ✓ Providers will be required to sign a declaration on the application form confirming that the setting is not up for sale, or they do not have plans to sell their business in the 12 months from the completion date of the project.
- ✓ Evidence will be required of the Risk Assessment of the works being undertaken and continuity of provision during the works.
- ✓ Evidence will be required of the applicant having informed Ofsted of the works to be undertaken and the proposed increase in capacity and of any acknowledgement received from Ofsted.
- ✓ Providers must comply with the requirements of the [Early Years Provider Agreement for FEEE places](#).
- ✓ Due to the expected requirements for additional places and the limited funding available from DfE:
 - It is recognised that not all projects may be able to be supported, even if they meet the criteria, and the final decision rests with the panel.
 - Funding allocations for applications will be considered according to the proposed development being undertaken. For group based providers, there will be a tiered approach to the funding, which can be up to £1,000 or £1,250 or £1,750 per each new full time equivalent place. For childminders on domestic premises, the maximum funding award will be £3,000 and funding paid towards any planning fees incurred will be additional to the capital funding awarded.
 - Depending on the scale of a project, the local authority may have to limit the grant funding by capping the grant support for a proportion of the proposed new places. In these instances, we would expect the provider to either review the scale of their project or to be able to make a financial contribution towards the project costs.

Previous unsuccessful applicants may re-apply if their application is for different work than the previous application, or if a key part of the application (e.g. cost or Ofsted grade) has significantly changed.

Important dates and funding allocation note

The local authority funding panel will meet monthly to assess applications.

Once the budget is fully spent, the local authority will not receive any additional funding, and the application process will close.

The overall capital fund allocation from DfE is for the local authority to support projects for the provision of new early years places and wraparound childcare places. There is an expectation that no more than 20% of the allocated amount will be used to support wraparound programme capital funding. However, depending on the demand for the funding, the exact split between the shared initiatives will be at the discretion of the local authority.

Funding agreements, monitoring and support

- Successful providers will be required to sign a funding agreement containing the terms and conditions of the funding. Funding will not be approved until this agreement has been signed.
- Leicester City Council is subject to the Subsidy Control Act 2023 (SCA), which we must consider before providing financial assistance to a third party. Section 36 of the SCA contains an exemption for “minimal financial assistance” (MFA) given to an “enterprise” if the total amount given within the “applicable period” does not exceed £315,000. If you are awarded a grant, we will send you an MFA notification letter, notifying you of our intent to rely on the MFA exemption and requesting confirmation that the MFA exemption is available.
- The Early Education Development Team is available to provide support and advice to allow you to deliver your project. This advice can be sought prior to applying, if required.
- On successful completion and signing of the agreement, each project will be assigned support from the Early Education Development Team to ensure your plans are developed.
- Monitoring will take place once the funding agreement has been signed and the project has started. This will include the submission of invoices and receipts for work carried out and equipment purchased. Failure to supply evidence will result in the grant being reclaimed from the provider (this will be set out in the funding agreement).

Preliminary feedback

Prior to making an application, providers can contact the Early Education Development Team to discuss their proposed project to receive preliminary feedback and guidance, including guidance on the funding per place figure that is likely to apply for their proposal. Please note that the local authority will not be responsible for any action taken by the applicant based on the preliminary feedback e.g. to not apply for the funding or to change their proposal before making an application. Also, our initial feedback will not have any bearing on the approval or refusal of funding.

Checklist for applicants

Applicants may find this section useful to ensure that you have provided the local authority with all relevant evidence to support your application.

Checklist	Yes/ No
<p>Sufficiency and additional places being created</p> <ul style="list-style-type: none"> Does the local authority data for the ward area where your setting is based suggest that additional places are required in the area? Have you supplied evidence of your own data, such as waiting lists / vacancy rates / information about current parents' requirements? For projects which will result in new capacity being created, have you supplied evidence that your current provision is nearly full to capacity and will not be able to provide additional FEEE places without expanding the current registered capacity? Have you supplied evidence that the project increase or secure inclusive places for vulnerable children, for example for children including 2-year-olds from families receiving some additional forms of support and children with SEND? 	
Does all the work required and/or do all assets required meet the definition of Capital Expenditure for the purposes of this grant as explained in the guidance?	
Evidence will be required of the Risk Assessment of the works being undertaken and continuity of provision during the works.	
<p>For projects which will result in new capacity being created, have you informed Ofsted of the proposed increase in capacity?</p> <p>For projects where existing capacity is being remodelled to deliver more places for the priority age groups, have you informed Ofsted of any changes to your delivery e.g. where you are or will be caring for under 2 year olds but have not cared for this age group previously?</p> <p>Have you provided evidence of any acknowledgement from Ofsted for the changes notified to them?</p>	
Have you supplied a delivery plan which indicates the timescale of the proposed project to be completed and when the additional FEEE places will be made available (which should be before the end of the Spring Term 2026)?	
<p>Have you provided evidence to show that you own the freehold of the land or building or hold a lease (for a five year duration at least)?</p> <p>If you lease the property:</p> <ul style="list-style-type: none"> have you provided evidence of landlord approval for the capital works to be carried out? have you a provided a copy of the rent / lease agreement? 	
<p>Quotes</p> <ul style="list-style-type: none"> Have you provided a quotation for the building works required and for each item of equipment, fixtures or fittings required? Do all three quotes include VAT where applicable or state that VAT is not applicable if that is the case? 	
<p>Planning permission (refer to Do I need planning permission?)</p> <ul style="list-style-type: none"> Have you found out if you need planning permission for the proposed building work or change the use of a property? (also see note on potential planning restrictions below) 	

Checklist	Yes/ No
<ul style="list-style-type: none"> If required and you have already applied, or if it has already been approved, have you provided evidence of the planning application number? 	
<ul style="list-style-type: none"> If your proposed building work is under 'permitted development rights' and does not need planning permission, have you provided evidence to confirm this? (also see note on potential planning restrictions below) Have you checked if the property is affected by conditions on earlier or new planning approvals e.g. restrictions to operating hours or numbers of children you may have at any one time both indoors and outdoors, opening hours, travel plan etc? 	
<p>Building regulations approval (refer to Building control and regulations)</p> <ul style="list-style-type: none"> Have you found out if you need building regulations approval for the proposed building work? If required and you have already applied, or if it has already been approved, have you provided evidence of this? <p>Please note that the local authority will not be able to approve funding until the necessary Planning permission and / or Building regulations approval is submitted (where applicable).</p>	
<p>Business finances and financial sustainability</p> <ul style="list-style-type: none"> Have you carried out your own financial checks to demonstrate an immediate, clear and cost-effective outcome arising from the capital funding and increase in FEEE places at your provision? Have you prepared a business plan and financial forecasts, for at least two years, to support your application? (Evidence of this must be submitted for new settings and may be requested by the local authority for existing settings, where capacity is being expanded). Does the setting promote availability of government childcare subsidies to parents, including Tax-Free Childcare and Universal Credit childcare? Have you supplied evidence of any personal / business contribution, or funding from other sources to the project, such as other grants, bank loan agreements, business reserves etc? Is your business compliant with all applicable filing requirements for the legal governance structure e.g. as a limited company, as a self-employed sole trader, as a registered charity? Are you in a position to sign a declaration on the application form confirming that the setting is not up for sale, or you do not have plans to sell your business in the 12 months from the completion date of the project? Have you accessed business support information via HUB for Providers - childcareworks.org.uk? 	

Early Years Capital Funding application form questions

For reference, the following questions will be required to be completed when submitting your online application form. Please use this to plan your responses.

Childcare setting information

- Name of childcare setting
- Address of childcare setting
 - Ofsted registration number of childcare setting

Organisation information:

Name of legal Entity under which the setting is registered - if sole trader/partnership then state name(s) of individual(s)

- Legal governance structure or legal entity type:
 - a. Limited company (limited by shares or limited by guarantee or community interest company CIC)
 - b. Registered charity
 - c. Sole trader
 - d. Partnership
 - e. Other – please state e.g. community group (unregistered)
- If applicable, please state:
 - a. Company number
 - b. Registered charity number
- Sole traders / Partnership – confirm you have an HMRC reference for self-employment tax purposes – Yes/No
- Main contact for this application:
 - a. Name
 - b. Telephone number
 - c. E-mail address

Premises

- Does the applicant (organisation) own the building in which the childcare is delivered OR is the building leased or on rent?
- If the building is leased or on rent:
 - When did the lease / rental agreement start and when does it finish?
 - Has the landlord given written permission for the proposed works? (provide evidence)
 - Planning application number if planning consent been sought or approved.
 - Have building regulations been applied for or approved? (provide evidence)

Delivery model – currently and after the proposed expansion

- Opening hours per day (from: to):
 - Current
 - Proposed
- Days per week:
 - Current
 - Proposed
- Weeks per year:
 - Current
 - Proposed

- Ofsted registered capacity (at any one time):
 - Current (at any one time)
 - Proposed new places (at any one time)
- Have you informed Ofsted of the proposed increase in capacity? (provide evidence of any acknowledgement from Ofsted)
- Number of places – indicative breakdown of your Ofsted registered capacity (at any one time)
 - Capacity for under 2 year olds (at any one time):
 - Current
 - New places created
 - Total after expansion
 - Capacity for 2 year olds (at any one time):
 - Current
 - New places created
 - Total after the expansion
- How many of the new places do you expect to be used by 2 year olds from families receiving some additional forms of support?
 - Capacity for 3 and 4 year olds (at any one time):
 - Current
 - New places created
 - Total after the expansion
- Explain how the project will increase or secure inclusive places for vulnerable children, for example for children including 2 year olds from families receiving some additional forms of support and children with SEND?
- Sufficiency - explain if the local authority data for the ward, where your setting is based, suggests that additional places are required in the area.
- Explain more about the demand for places at your setting from your own data, such as waiting lists; vacant capacity; current parents' requirements. (provide evidence)
- Explain and confirm that your current provision is nearly full to capacity, and you will not be able to provide additional FEEE places without expanding the current registered capacity. (provide evidence)

Proposed project information and capital grant request

- Describe the project you are undertaking and outline what funding is needed for and what it will be specifically spent on.
- State the amounts from your 3 quotes for the proposed works and indicate which one of these is your preferred quote. The quotes must include VAT where applicable or clearly state if VAT is not applicable (You must supply three like for like quotes for all building works and/or other items such as equipment)
- What is the total cost of the project from your preferred building works quote and/or quote(s) for any other items such as equipment?
- What is the amount of grant that is being requested from the local authority in this application?
- What is the amount of capital funding being requested per each new place being created?
- If the grant being requested is less than the full project cost, please supply evidence of any personal / business contribution, or funding from other sources to the project, such as other grant funding, bank loan agreements, business reserves etc
- What are your proposed start and completion dates for your Project?
- What is your proposed date for offering the new FEEE places (should be by the end of Spring Term 2026)?

Business finances and sustainability

- Explain how you are planning to achieve long term sustainability.
- Have you prepared a business plan and financial forecasts, for at least two years, for project? (Evidence must be submitted for new settings and may be requested for existing settings, where capacity is being expanded).
- Is your business compliant with all applicable filing requirements for the legal governance structure?
- Does the setting promote availability of government childcare subsidies to parents, including Tax-Free Childcare and Universal Credit childcare?
- Please confirm that the setting is not up for sale, or you do not have plans to sell your business in the 12 months from the completion date of the project.
- Have you accessed business support information via HUB for Providers childcareworks.org.uk?

Addition sections on the application form

You will be prompted to read and accept the following declaration:

- I hereby certify that the information set out in this application is correct and in accordance with the best information available to me.
- I understand that, if required, I may need to provide additional information required by Leicester City Council to verify my application and grant approval will be conditional to satisfactory assessment of the information supplied.
- I understand that, if a grant is approved, the funding can only be released on acceptance of a separate contract for the funding and compliance with the initiatives and contracted conditions of the award.
- I understand that the contract will specify that in the event of any failure to appropriately evidence the spending of the grant, the full value of the grant may be clawed back.
- I understand that failure to declare accurate information could lead to clawback of the grant award.
- I understand that Leicester City Council is subject to the Subsidy Control Act 2023 (SCA), which must be considered before providing financial assistance to a third party. Section 36 of the SCA contains an exemption for “minimal financial assistance” (MFA) given to an “enterprise” if the total amount given within the “applicable period” does not exceed £315,000.
- I understand that, if grant is awarded, I will receive an MFA notification letter, notifying me of the local authority’s intent to rely on the MFA exemption and requesting confirmation from me that the MFA exemption is available.

Submitting the application form

The signatory must be in a position within the organisation to sign the application and undertake legal and financial responsibility on behalf of the organisation. The local authority expects this to be the business owner, company director or a charity trustee. For certain organisations it may be the nominated person for Ofsted purposes or a senior officer, but we may request evidence or proof that the signatory has the required authorisation for this purpose.

The link to the online application form is: <https://consultations.leicester.gov.uk/edu/a5b82fb7/>

Submitting evidence and further support

Where possible, the form will allow you to append documentary evidence that is required to be submitted with your application. If it is not possible to upload the information, this should be emailed to wraparound-provision@leicester.gov.uk. When emailing, enter Evidence for EY capital funding and the setting name and into the subject line. Along with your attached evidence, please include any explanation, comments and queries you may have.

For any questions during this process, please refer to the guidance above or alternatively contact the project manager Shahid Dagia at wraparound-provision@leicester.gov.uk