Responding to the Expansion of Funded Early Years Entitlements in Leicester

Children, Young People and Education Scrutiny Commission

Date of meeting: 28 October 2025

Lead director/officer: Sophie Maltby

Useful information

Ward(s) affected: All

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1. Summary

1.1 Between April 2024 and September 2025, the government expanded the offer of funded childcare to working parents.

- 15 hours per week for 2-year-olds from eligible working families (phased in from April 2024)
- 15 hours per week for 9 – 23-month children from eligible working families (phased in from September 24*)*
- 30 hours per week for all children aged 9 months to 2 years from eligible working families (implemented in September 25)

These entitlements are in addition to those already offered

- 15 hours per week funded early education entitlement (FEEE) for all 3- and 4-year-olds, this is the Universal Entitlement.
- 30 hours per week for 3- and 4-year-old children from eligible working families.
- 15 hours per week for 2-year-olds from families receiving additional forms of government support.

The full details of all funded childcare can be seen in **Appendix 1**.

1.2 Although not compulsory, these are an entitlement for qualifying children, making it free or affordable for parents to access childcare and to help improve children's outcomes and readiness to start school.

1.3 The Childcare Act places a duty on local authorities in England to secure, as far as is reasonably practicable, sufficient childcare to meet the requirements of parents in their area who require childcare, and this includes securing provision of Funded Early Education Entitlement (FEEE) places, for eligible young children under compulsory school age.

1.4 The local authority works with providers in the early years childcare sector to ensure there is sufficiency of childcare places in the city. The local authority relies on the private, voluntary and independent (PVI) sector in responding to our sufficiency duties.

2. Recommended actions/decision

The Children, Young People and Education Scrutiny Commission is invited to:

Note, comment on and make recommendations regarding the sufficiency position for early years and childcare places in the city, following the full implementation of expanded entitlements to funding childcare.

3. Detailed Report

Providers

3.1 As per the Childcare Sufficiency Assessment, Market Position Statement for FEEE places as at Spring 2025 (MPS-Spr-25), the number of providers delivering funded entitlement places were as follows:

- **113 PVI providers**
- **44 Childminders**
- **75 mainstream state-funded schools** (LA maintained, Academies and Free schools) with 66 having nursery (F1) and all having provision for 4-year-olds* in their reception classes. (* from the autumn term after the child's 4th birthday).
- **1 Ofsted registered specialist nursery (for 0–5-year-olds).**
- **6 Special Schools** with a limited number of potential places for children in F1 and F2 age groups.

Capacity (Supply)

3.2 Indicative Overall Capacity (Supply) of FEEE places for MPS-Spr-25, derived from the capacities at any one time is as follows:

FEEE entitlements	9-23MO (30) WP	2YO (30) WP	2YO (15) TYF	3 and 4YO (15) UE	3 and 4YO (30) WP
Indicative supply	746	1,039	1,457	5,466	2,113

3.3 Additionally, the schools' capacity information shows a total of 4,933 places for 4YOs (full school day) in state funded school reception classes. The apportionment of the capacity figures is indicative because, the PVI sector, to some extent, subject to staffing, other resources and demand, offer places flexibly across the FEEE categories. The capacity with PVI providers for 2-year-old, 15 hour places and 3 and 4 year old, 15 and 30 hour places is being used fluidly to meet the increasing demand for the expanded entitlement places.

Demand for the expanded entitlements

3.4 Working parents must meet set eligibility criteria and apply for a code to access the extended entitlements, this therefore makes demand very fluid. We have indicative demand figures from analysis of the 30 hour extended entitlement for 3 and 4 year olds, as this has been embedded for a number of years. DfE are also able to provide local authorities with numbers of codes claimed each term, so over forth coming terms we will be able to more accurately predict demand.

Based on the data from 3 and 4 year old entitlements, the maximum potential demand is as follows:

- **2-year-old working parent places: 1100**
- **9–23-month-old working parent places: 1375***

** as the age range for this entitlement covers 15 months, a factor of 1.25 has been applied to the estimate demand figure for 2 year old places.*

Sufficiency

3.5 Comparing the maximum estimated demand for the expanded entitlement places to the indicative capacity (supply) of FEEE places shows that we do not have enough places overall. However, in practice, whilst there will be some pressure at ward (local) level, we have not had any significant concerns raised by providers or parents up to date.

This is because:

- The indicative capacity in the PVI sector for 2-year-old (15-hour places) and 3 and 4 year old places (15 and 30 places), where it represents a surplus at individual provider level, is being used fluidly to meet the increasing demand for the expanded entitlement places.
- The actual demand and take-up of places for the 9-23 month working parent places is significantly lower than the maximum estimate. It is expected to grow as the entitlement is established over time, but unlikely to reach the level of maximum take up due to the duration parents tend to take as maternity leave, before potentially utilising childcare.
- Average take up for 2024/2025 against potential demand is 54% 9-23mth olds and 85% for two year olds, however this was for 15 hour entitlement. Validation of codes for autumn term indicates 62% of the target demand for 9-23mth olds and 99% of 2 year olds.

3.6 Now that the expanded entitlements have been fully phased in, we will revise and update our demand estimates, ward level apportionments and indicative capacity based on the actual take-up figures for Autumn Term 2025. This will give a new baseline for the sufficiency of funded entitlement places.

Growth and Development

3.7 As well as focusing on areas where there are indicative deficits for 9–23-month (30 hour) and 2-year-old (30 hour) places, we know from local intelligence and government guidance that we need to give priority to places for children with SEND and to retain 2 year old (15 hour) places for children from families receiving additional forms of government support. This is because, alongside other factors affecting the capacity for FEEE places, the growth in demand for the expanded entitlements will adversely affect the availability of 2-year-old (15 hour) places for children from families receiving additional forms of government support and places for children with SEND.

3.8 The historical data for the entitlements shows that qualifying working families have less of a barrier to access provision outside of their home ward or cluster. Therefore, the impact of the indicative deficits at ward level may not be as significant for children from working families as they will access surplus capacity in other wards and clusters.

3.9 We continue to monitor the sufficiency of places in localised areas and work with the children centres and SEND services to monitor the position and support parents who raise concerns about the availability of suitable provision for 2-year-olds from families receiving additional forms of government support and for children with SEND.

Early Years Capital

3.10 The DfE has given local authorities a capital funding allocation to support development of early years places for the implementation of the expanded entitlements. We are supporting providers to create additional capacity with the use of this funding, in line with the priorities identified through our data analysis.

3.11 We have £557,968 of capital funding to support providers to create early years and wrap around places. Our target is to support creation of around 400 early years places by end of the Spring Term 2026. The application process is still open and so far, we have committed £250 - 300K to support providers to create around 250 - 300 places for under 2-year-olds and 2 year olds. We continue to work with the sector to develop places.

DfE School Based Nursery Capital Grant

3.12 The government has launched a School-Based Nursery (SBN) capital funding programme for eligible state-funded primary-phase schools to bid for capital funding to create or expand nursery provision. Proposed school nursery expansion projects will require the local authority's agreement to ensure a balanced and sustainable approach. We are working with the schools and DfE to ensure local area sufficiency needs are prioritised and where appropriate, encourage schools to work collaboratively with the PVI sector to deliver provision.

Delivering a stretched funding offer

3.13 The funding team works with PVI providers to support them to offer the funded early education entitlements over a 'stretched offer' over 48 or 51 weeks in the year, rather than the academic terms, which will help them effectively extend their overall capacity for FEEE delivery and offer this choice, especially for the working parent entitlements.

<u>**Risks and Challenges**</u>

Sustainability

3.14 Providers can plan for the expected annual increases in statutory living or minimum wage levels but, due to the ongoing economic crisis, their businesses have experienced unexpected and unprecedented levels of increases to other operating expenditure. Although the government has increased the hourly funding rates, including rates for Early Years Pupil Premium (EYPP), Disability Access Fund (DAF) and Special Educational Needs Inclusion Funding (SENIF) for qualifying children, the limitations of the government funding has affected provider sustainability and growth especially in areas of deprivation where the demand would be mainly for 2 year old (15 hour) places for children from families receiving additional forms of government support and the universal entitlement places for 3 and 4 year old (15 hour). The local authority must factor for these challenges when supporting growth for inclusive places for all FEEE categories.

3.15 The governments Best Start in Life strategy sets out intentions for an early years funding review in 2026

Local authority actions to respond

3.16 We build business support into our service delivery to the sector, through resources, training and targeted guidance and support for business and financial planning. We engage with the sector to guide and shape their delivery models to enable them to be as sustainable as possible.

3.17 Our ongoing assessment of sufficiency and market position statement underpins the growth and development work we are undertaking (outlined in 3.7-3.13), to encourage the market to respond to the needs and demand in the city and to allocate resource and capital funding accordingly.

Quality

3.18 The quality of provision is an essential factor when considering sufficiency as Ofsted inspection outcomes determine a providers' ability to deliver FEEE places. Good quality early education experiences have a positive impact on a child's overall outcomes and the local authority aims to ensure that every child in Leicester gets the very best start in life and is given every opportunity to learn and develop so that they are ready to begin school and achieve their best.

Local authority actions to respond

3.19 The local authority offers training, advice and guidance, in response to statutory duties, to new and existing providers by providing universal and targeted support to develop the workforce and improve quality. Helping them to meet the Early Years Foundation Stage (the regulatory framework), meet the needs of children with special educational needs and disabilities (SEND), and disadvantaged children and respond effectively to their safeguarding responsibilities.

3.20 Providers delivering funded early education places, sign up to an agreement (based on statutory guidance) which sets out terms and conditions for delivery of places and the quality expectations. If quality outcomes fall below these thresholds, then the local authority provide intervention, training and guidance for improvement to be made.

Recruitment

3.21 Providers in the sector, nationally and locally, are experiencing challenges with recruitment and retention of appropriately qualified and experienced staff. As a result, many providers cannot operate to their potential registered capacity based on space availability. Recruitment challenges can particularly affect providers' ability to offer places for children with SEND and other vulnerable children, including 2 year olds from families receiving additional forms of government support, who may require additional staffing input to meet their needs.

Local authority actions to respond

3.22 The DfE have an early years careers; Do something big - Early Years Careers campaign across the sector which our service promotes and engages with. The early years' service provides recruitment and retention training and support to the sector and is working collaboratively with Leicester Employment Hub to promote careers in early years and childcare and the use of apprenticeship levy to support employers with developing the workforce.

Data systems changes

3.23 There are planned changes for the children's services data system used to claim funding and we will need to carefully manage this to ensure continued service for the sector

Local authority actions to respond

3.24 The change to the new data system is being managed by a project team, who are planning the transition, to mitigate risk and manage effective implementation.

5. Financial, legal, equalities, climate emergency and other implications

5.1 Financial implications

Early Years Funding is provided from the Dedicated Schools Grant: Early Years Block which is £42,531,268 for 2025/26. This is planned to be spent in full to deliver funded hours at early years settings.

The Department for Education have provided £557,968 of capital funding to support providers to create early years and wrap around places. This is planned to be utilised to support the creation of early years places.

The School-based Nursery (SBN) Capital Grant for 2025 to 2026 is available for eligible state-funded primary-phase schools and maintained nursery schools to apply for up to £150,000 of capital funding to create or expand a school-based nursery. This is the second phase of the school-based nurseries programme. It has an increased focus on supporting disadvantaged families to access early years provision.

Signed: Mohammed Irfan, Head of Finance, Social Care, Education and Public Health

Dated: 14 October 2025

5.2 Legal implications

Commercial Legal Comments:

It is understood that there are some programmes already underway relating to the use of the DFE funds in respect of wraparound funding for childcare and expansion capital grant.

There are potential legal implications if providers and schools do not use the capital funding for the purpose it is intended. To mitigate this, all providers and schools which are allocated capital funding will be required to sign a grant funding agreement. This will outline the terms and conditions of funding, including specific clauses to help mitigate the risks associated with capital projects not being delivered within the agreed conditions and timescales.
Capital projects will be monitored by officers and failure to comply could result in clawback of funding from providers and schools.

The Council must also ensure in allocating funds/forward funding that it complies with the Subsidy Control Act 2022 (SCA 2022), to ensure fairness in awarding public subsidies. Guidance should be obtained from legal services to ensure that service is compliant in carrying out the awarding process.

Signed: Mannah Begum, Principal Lawyer, Commercial and Contracts Legal Services

Dated: 14 October 2025

5.3 Equalities implications

The Council must comply with the public sector equality duty (PSED) (Equality Act 2010) by paying due regard, when carrying out their functions, to the need to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between people who share a 'protected characteristic' and those who do not. Protected characteristics under the Equality Act 2010 are age, disability, gender re-assignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex and sexual orientation. This report outlines the status of early years and childcare provision in the city, following full implementation of expanded entitlements to funding childcare for working parents. It highlights ongoing areas of work, such as continuing collaboration with providers on training, recruitment challenges and ensuring reasonable adjustments are carried out where needed. It also considers the financial impact on providers and the importance of raising awareness among parents about their entitlements. The Council needs to ensure that expansion of childcare places is not limited to already well-served areas but is distributed across the city. Failure to do this could result in gaps in provision, particularly in underserved communities and areas of deprivation. Furthermore, the city's demographic profile should be taken into account when reviewing the distribution of places. If any areas of concern are identified, appropriate measures should be implemented to address these issues.
Signed: Sukhi Biring, Equalities Officer
Dated: 16 October 2025

5.4 Climate Emergency implications

There are no direct climate emergency implications associated with this report. It is possible that some children may have to travel by motor vehicle to attend reception classes which would increase emissions associated with school attendance however it is unlikely to be significant, particularly as these journeys are likely to be incorporated into their parents existing commuter journeys.
Signed: Phil Ball, Sustainability Officer, Ext 37 2246
Dated: 14 October 2025

5.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

6. Background information and other papers:

Childcare sufficiency assessment – latest Market Position Statement for Leicester City

[Childcare sufficiency assessment | LCC Family Hub]

Information on funding to available to support childcare costs

[Help paying for childcare | LCC Family Hub]

Eligibility checker for parents

[Childcare support checker | Best Start in Life]

Early Years Expansion capital grant

[Capital grant for early years childcare expansion | LCC Family Hub]

DfE School Based Nursery phase 2 information

[School-based Nursery Capital Grant 2025 to 2026 - GOV.UK]

7. Summary of appendices:

Appendix 1 - Detail of funded childcare offers

8. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)? No

9. Is this a "key decision"? If so, why? – No

Appendix 1

Detail of funded childcare offers

The Childcare Act places a duty on local authorities in England to secure, as far as is reasonably practicable, sufficient childcare to meet the requirements of parents in their area who require childcare, and this includes securing provision of funded early education entitlement (FEEE) places, for eligible young children under compulsory school age. New entitlements have been phased in between April 2024 and September 2025, expanding the government-funded childcare offer to working parents.

The funded entitlements are as follows:

- 570 hours per year of FEEE for all 3 and 4 year olds, this is the Universal Entitlement. *[3 and 4YO (15) UE]*
- further 570 hours per year of FEEE, making it a total of 1,140 hours a year Extended Entitlement, for qualifying 3 and 4 year old children from eligible working families. *[3 and 4YO (30) WP]*
- 570 hours per year of FEEE for qualifying 2 year olds from families receiving additional forms of government support. *[2YO (15) TYF]*

<u>Expanded entitlements phased in between April 2024 and September 2025:</u>

- 1,140 hours per year of FEEE for qualifying 2 year olds from eligible working families (phased in from April 2024 with entitlement being 570 hours per year until September 2025). *[2YO (30) WP]*
- 1,140 hours a year of FEEE for qualifying children aged 9-23 months from eligible working families (phased in from September 2024 with entitlement being 570 hours per year until September 2025). *[9-23MO (30) WP]*

The annual entitlements of 570 hours or 1,140 hours are also referred to as ‘15 hour’ or ‘30 hour’ entitlements as these can be accessed over a maximum of 15 or 30 hours per week ‘term time’ i.e. over 38 weeks per year. Alternatively, the 570 or 1,140 hours can be ‘stretched’ over 48 or 51 weeks per year.

Note: children in state-funded school reception (foundation 2 or F2) classes are considered to receive their entitlement in full and are not eligible for any additional funded hours on top of their reception class hours.