



Education  
Funding  
Agency

# **Early Years Capital Fund**

**Information for applicants**

**June 2016**

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## Introduction

On 3 April 2016 the Department for Education called for expressions of interest (EOI) from local authorities who want to work with local childcare providers to bid for capital funding to expand childcare provision in their area (including schools that currently offer, or plan to offer, provision for 3- and 4-year-olds).

The EOI notice can be found [here](#). Capital funding is being made available through a local authority bidding process to support the delivery of the government commitment to provide 30 hours free childcare for working parents of 3- and 4-year-olds from September 2017. Only local authorities that submitted a completed EOI form via the [EFA Enquiry Form](#) by 29 April 2016 are eligible to take part in the full bidding process.

Local authorities must make applications setting out specific provider-level projects in their area by 31 August 2016. Successful bids will receive grants awards within financial year 2016-17. Successful bidders will be notified by December 2016.

## Key dates and deadlines

Milestones	Dates
Call for expressions of interest	3 April 2016
Local authorities submit expressions of interest	By 29 April 2016
Publication of guidance on full bidding process	21 June 2016
Local authorities submit applications	By 31 August 2016
Decisions on bids announced	By December 2016

## Fund Priorities

The funding available for this bid round is £40 million. We expect that there will be very high levels of demand for this funding and that the fund will be heavily oversubscribed. Only applications which align closely with the fund priorities will be successful. We estimate that between 100 to 200 projects will be approved in total, depending on the amounts requested by successful projects. Local authorities are strongly advised to develop high quality applications which provide succinct and relevant evidence that they meet the priorities outlined in this guidance. In deciding which projects to submit, local authorities should pay close attention to the pass/fail criteria outlined on p.8 of this guidance.

We want to ensure that this fund is allocated to projects in areas that are most in need of capital funding to deliver the additional 30 hour places needed to meet local sufficiency need. We reserve the right to withhold part of the fund, upon reviewing geographical coverage of the successful projects, if we do not believe we have allocated funds to

projects in areas in most need of capital funding to deliver the additional 30 hour places, based on local sufficiency need.

# Eligibility

## Provider eligibility

The following types of provider are eligible for capital funding:

- Private nurseries
- Voluntary nurseries
- Independent school nurseries
- Primary schools or all-through schools with nursery provision
- Maintained nursery schools
- Childminders: Childminders generally operate out of their own domestic premises but may operate from non-domestic premises such as schools and nurseries for up to half of their time<sup>1</sup>. Childminders may be involved in partnership bids with group-based providers (see p.15 for further details). However, childminders are not eligible to be the sole or lead provider of a project and projects involving extension or refurbishment of a childminder's domestic premises will not be considered.

All providers must have a track record with Ofsted or the Independent Schools Inspectorate or be part of a chain that has a track record. By proven track record we mean a provider that is registered with Ofsted and has an Ofsted rating (i.e. has had at least one recorded inspection by Ofsted) or is a school with a rating from Ofsted or the Independent Schools Inspectorate. If the initial inspection result is pending, the local authority must provide a statement assuring that this provision is of quality. Please see *Application Form Part B* for more instructions.

Existing schools who currently do not offer provision for 3- and 4- year-olds are eligible to submit a proposal for doing so.

New providers, who do not have an Ofsted track record, will **not** be eligible to apply for this funding.

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<sup>1</sup> Childminders who wish to operate from non-domestic premises for up to half their time should be aware that they must complete an Ofsted approval form available [here](#). We do not necessarily expect this approval to be granted at project bid stage but projects should be aware that this is a requirement by Ofsted.

## EU State aid compliance

A successful grant applicant that is not a state school (including academies and free schools) will be asked to confirm, as part of its grant application documentation, that: (i) neither it, nor any corporate group of which it is part, is involved in supplying any goods or services other than childcare (save for supplies – such as nursery meals – which are ancillary to its supplies of childcare); and (ii) it is competing to supply childcare services to parents living or working in a particular locality within the United Kingdom, and its supplies would not be of interest to people based in other EU Member States. If a grant applicant is not able to provide this confirmation, then the applicant may be restricted to receiving a grant at a level which falls below the relevant EU State aid *de minimis* threshold. All grant applicants are in any event responsible for satisfying themselves, prior to their receipt of a grant, as to the compatibility of that grant with the State aid rules.

## Types of project

Local authorities should consider the following when considering which projects to include:

- local authorities may submit applications for new-build nurseries (including modular/temporary buildings) or extensions, refurbishments or conversions of existing buildings including creating kitchen facilities
- projects that involve the purchase of land will not be funded
- information and communication technology (ICT) hardware or software, fitted and loose furniture and equipment (F&E), ICT infrastructure (cabling, wireless and switching) are eligible insofar as it is an integral part of a larger refurbishment or new build project
- ad hoc and trivial purchases that are follow-on from the initial project scope should be met out of existing budgets or from funding from alternative sources
- purchase of motor vehicles will be considered in exceptional circumstances and where there is a clear link between the purchase and the delivery of project objectives
- costs incurred for child transportation to/from providers and administration costs will not be funded

Further details of project build types are set out in **Annex A**.

# Assessment

## Limit of applications submitted

We expect this fund to be heavily oversubscribed and it is highly likely that the total amount of capital bid for in this round will exceed the available £40 million. Local authorities will have received a 'Project Limit' ranking of either 'High' or 'Medium' by email. This ranking determines the number of projects that a local authority can submit as part of their application (see table below). The Project Limit is based on the number of 3- and 4-year-old children that are eligible for 30 hours in the local authority. Further information on how this is calculated can be found in: *Process Infographic for estimating LA eligibility for 30 hours*. We strongly encourage local authorities to consider their highest quality bids using the Stage 1 and Stage 2 criteria to help inform their decision about which projects to submit. All applications submitted beneath the project limits will be assessed.

Project Limit	
High – 6 projects max.	Medium – 4 projects max.

## Assessment process

All bids received within the application deadline will be subject to a two stage bid assessment process.

Stage 1 will assess individual projects against a set of pass or fail qualifying tests based on: track record with Ofsted or the Independent Schools Inspectorate<sup>2</sup>; completion date by the end of August 2017; total cost of the project is below £1 million; and a minimum of 25% of the total project cost is funded from alternative sources.

Stage 2 will assess individual projects that were successful at the initial stage based on the following criteria: evidence of localised sufficiency need, project outcomes, and value for money.

Local authorities must submit completed applications by **31 August 2016**. Further details about how to submit applications are included in the **Preparing Your Application** section of this guidance.

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<sup>2</sup> By track record we mean a provider that is registered with Ofsted and has an Ofsted rating or is a school with a rating from Ofsted or the Independent Schools Inspectorate. We are not at this stage requiring a particular inspection rating. The provider does not currently have to offer 3- and 4-year-old provision but must be eligible to expand their current provision to offer 3- and 4-year-old childcare.

The highest scoring unsuccessful applications from this bidding round will be placed on a reserve list should additional capital funding become available.

Local authorities will be responsible for managing the capital programme and monitoring individual projects in accordance with grant terms and conditions that will be set out by the Education Funding Agency.

## Definition of a 30 hour place

The priority of this capital bid round is to support the delivery of 30 hours free childcare for working parents of 3- and 4-year-olds, building on the existing 15 hour universal entitlement. For the purposes of this bid round, a place is defined as a 30 hour funded place offered over at least 38 weeks per year. The place may either build on an existing 15 hour place to create a 30 hour place or be an entirely new 30 hour place.

The number of 30 hour places created will be assessed under the Outcomes criteria. Providers are required to set out the number of 30 hour places they will create at Q16, 17 and 18 of *Application Form Part A*. Where projects involve more than one provider (a partnership bid - see p.15) then the total number of 30 hour places created across all providers involved in the bid, as a direct result of the funding, should be aggregated.

Please note that the calculated number of 30 hour places created **must only include places created directly as a result of the proposed project**. Places created using existing capacity which does not require capital funding (e.g. switching from paid to funded hours or making use of existing suitable space) must **not** be included in these calculations. Please see **Annex B** for examples.

Local authorities will be expected to check provider's calculations and confirm (Q19) that the number of places included in each project is correct and that any new places for 3- and 4-year-olds do not have a detrimental effect (if applicable) on the setting's capacity to offer 2-year-old funded places or 15 hour funded places.

## Assessment Criteria

### Stage 1: Pass/Fail Qualifying Tests

Bids will be initially assessed against four pass/fail criteria. These are:

- track record with Ofsted/ Independent Schools Inspectorate
- clear evidence that the project will be completed by the end of August 2017
- total cost of project is below £1 million (including alternative sources of funding)
- a minimum of 25% of the total project cost is obtained through alternative sources of funding



## Stage 2: Assessment criteria

If the project passes the pass/fail qualifying tests the project will proceed to Stage 2 of the assessment process. Projects will be assessed against the following criteria:

### Localised Sufficiency (40%)

Bids will be assessed on the degree to which they meet the fund priority to ensure capital funding is allocated to those areas within the local authority with the highest localised sufficiency need in relation to 30 hour places. The local authority-level eligibility estimates provided to local authorities by the department as part of this process can be used as a starting point for calculating localised sufficiency. Local authorities should provide localised sufficiency data at ward or children's centre catchment area level. Data presented at a different level of geography to ward or children's centre catchment area will only be considered in exceptional circumstances. Local authorities should clearly reference which data sources they have used to evidence localised sufficiency need.

Projects will achieve the highest scores if they demonstrate a ward level / children centres catchment area sufficiency need by:

- providing clear evidence that there is a high estimated percentage and/or number of eligible children in the ward or children's centre catchment area
- providing clear evidence that there will be take-up amongst eligible parents within the ward or children's centre catchment area of the newly created places. Projects should aim to consider both the number of working parents in the localised area as well as, if available, data relating to how many of these parents currently pay for additional childcare hours and patterns of use
- providing clear evidence that the provider is currently close to full capacity and would be no/little availability to provide the extended entitlement without capital funding. Projects should consider occupancy/vacancy rates as well as a clear assessment of whether these vacant places could be utilised to create 30 hour places. Projects should also demonstrate that they are fully utilising all available floor space or if there is any additional capacity to be explored
- providing clear evidence that other providers in the ward or children's centre catchment area have no/little capacity to provide the extended entitlement

### Outcomes (30%)

Bids will be assessed on the degree to which they are able to deliver high quality 30 hour places which will seek to directly address the localised sufficiency need, evidenced in the previous section. Projects will achieve the highest scores if they:

- provide clear evidence that the project outputs will deliver a high number of additional full-time equivalent 30 hour places which address localised place

shortfalls, with no detriment to existing 2-year-old funded places or 15 hour funded places (if applicable)

- provide a costed options appraisal with quantified benefits that clearly supports the capital solution as the preferred option. This will be assessed taking the project size/complexity into account
- are quality-providers that are Ofsted/ Independent Schools Inspectorate rated 'Outstanding'/'Good' or 'Excellent'/'Good' respectively , or are part of a chain where the majority of settings have been assessed as 'Outstanding'/'Good' or 'Excellent'/'Good'
- provide readiness milestones (see *Application Form Part B* for further information) that can be completed by December 2016 and an appropriate project delivery timescale
- provide a realistic and timely delivery plan for the project size, supported with strong evidence, and good consideration/mitigation of risk

### Value for Money (30%)

Bids will be assessed on the degree to which they provide value for money. Value for money is the demonstration of an appropriately costed project to respond to the project need. Projects will achieve the highest scores by providing:

- a clear scope of works and delivery methodology. All cost elements should appear reasonable and where there are 'abnormals' or high costs they are clearly justified. Projects should deliver accommodation that meets, but does not significantly exceed, mandatory standards as detailed in the **Early Years Capital Area Guidelines** below
- thorough and well evidenced tenders/quotes relative to the size of the project
- tenders/quotes that are sufficiently developed and evidenced to allow works to commence immediately on project approval
- a significant funding contribution (25% or over) from other sources – if a project receives a higher percentage of funding from alternative sources, it will be awarded a higher score. Please indicate where the additional funding has been obtained

Bid assessors will take into consideration potentially higher costs of projects that involve the expansion of provision for children with special educational needs and disabilities and local authorities will need to ensure that provision is equally accessible for all children.

Any cost overruns will be at the expense of the local authority, although an appropriate level of project contingency funding is permitted. Where there are local features which

may lead to costs being outside of industry benchmarks then this should be clearly explained and evidenced.

## Cost Range

The total cost per project must be below £1 million (including funding from alternative sources) for the project to be considered. We are not setting a minimum threshold but will expect local authorities to have considered alternative sources to fund extremely small scale projects before submitting them for this bid round. Partial funding is not available. Projects will be fully funded or rejected.

## Early Years Capital Area Guidelines

All projects must meet the standards set out in the '[Statutory framework for the early years foundation stage](#)' Sep 2014.

Early Years area provision is covered within the '[Area guidelines for mainstream schools \(BB103\)](#)' Jun 2014; except special schools or alternative provision, which are covered in '[Area guidelines for SEND and alternative provision \(BB104\)](#)' Dec 2015. Projects that exceed the mandatory area standards require clear justification.

If projects involve maintained schools, local authorities must follow the statutory guidance about making alterations to maintained schools found here:

<https://www.gov.uk/government/publications/school-organisation-maintained-schools>

If an academy trust deems that the proposed project is also a significant change, it would need to seek the Secretary of State's approval by following the significant change guidance found here:

<https://www.gov.uk/government/publications/making-significant-changes-to-an-existing-academy>

Any projects that involve using school land must also comply with relevant guidance on disposal of change of use of school playing field and school land:

<https://www.gov.uk/government/publications/protection-of-school-playing-fields-and-public-land-advice>

# Preparing your application

## Application Forms

The application comprised of three forms:

- **Part A** is to provide an overview of the projects that are being bid for, as well as contact details for the relevant local authority bid coordinator and project lead involved. This is to be submitted once by the local authority
- **Part B** is for individual project level bids. Please note that clearly evidencing sufficiency need within the local authority is the priority criteria for this part of the application assessment process. One is to be submitted per project by the local authority up to the 'project limit' permitted (see p.7)
- **Appendix A** is for individual project level bids and supports the assessment of the Value for Money criteria. One is to be submitted per project by the local authority

## Joint bids

We acknowledge that sufficiency need often spans local authority boundaries. Therefore, we welcome joint project bids from local authorities as part of their application. To facilitate such bids, we ask that a single local authority be nominated as the lead authority on such a project and include the project as part of their bid. Non-lead authorities should not include this project as part of their application. We have provided sections on the application forms to fill in regarding joint projects, where other participants in such bids should be named and where lead providers should provide information as to why a joint project is preferred over individual projects.

## Partnership bids

Each project must have a lead provider. However, this lead provider may work with other providers to form a 'partnership bid' where this will facilitate the creation and delivery of new 30 hour places e.g. a school may partner with one or more childminders or a with another nursery. As mentioned above, childminders cannot submit bids as a lead provider but are welcome to work with group-based providers to submit a partnership bid. Partner providers will be required to fill in their details as part of the application process and, where appropriate, contribute to the application.

## How to apply

Local authorities must submit their applications by 31 August 2016 using the [EFA Enquiry Form](#). Please follow the instructions on the webpage to attach the completed application.

When prompted to input 'What is your query about' please select **LA Funding - Early Years** from the drop down list and enter **Early Years Application – submission X of X** when asked to provide more details about the query. The completed application should consist of one copy of Part A, and a copy of Part B and Appendix A for each individual project. Additional supporting materials are only permitted where the question in Part B specifically allows it.

**Please note that the EFA Enquiry Form allows a maximum of four attachments** so local authorities are likely to submit more than one enquiry form. **We recommend you submit your application well in advance or you could risk not having sufficient time to submit your EFA Enquiry Forms that could lead to missing the submission deadline.** Compressed/zipped folders are not compatible with the enquiry form. It is important to include the 'submission X of X' e.g. submission 1 of 4, in the details of your query so that we can check that all submissions have been received.

### **File names**

Please ensure you use the following name conventions for your files when submitting your application through the EFA Enquiry Form so we can check that all submissions have been received:

**Form A:** EY Capital Application Form PartA [*Local authority name*]

**Form Bs:** EY Capital Application Form PartB [*Local authority name*] [*Project number X*]

**Appendix As:** EY Capital Application Form Appendix A [*Local authority name*] [*Project number X*]

**Additional Attachments:** EY Capital Application Form [*Local authority name*] [*Project number X*] [*Question X*]

### **Grants and grant assurances**

All local authorities with successful projects will be expected to provide us with assurances of spend. We will confirm details of the assurances required when the grant terms and conditions are issued.

## **Annex A: Project type definitions**

### **New build**

New builds are those projects that are new-build replacement of an existing building or creation of completely new and independent building. Projects that involve the purchase of modular or temporary buildings should also be included in this category.

### **Extension**

Extensions are those projects which are new builds which increase the size of an existing building and building's gross internal floor area. This also includes works on outdoor areas to increase capacity that do not require a full new build.

### **Conversion**

Conversion projects are those that require significant modifications to non-educational buildings to accommodate the proposed facility. Projects of this type could include kitchen and toilet modifications, extensive structural modifications to existing or adjoining rooms and alterations and adaptations to rooms and buildings.

### **Refurbishment**

Refurbishment projects are those that involve minor modifications to rooms and buildings as well as large-scale purchases of equipment. Projects of this type could include room separators, dry walls, and substantial IT/furniture purchases.

### **Other types of build**

Projects that do not clearly fall into the categories of new build, extension, conversion or refurbishment should be included in this category.

We anticipate that project types will overlap significantly or involve multiple types of project; for example, new build projects are likely to involve substantial purchases of new equipment. In instances of this type, please include the project under the definition in which the majority of the cost will fall.

**Does that mean that if we have a new build and refurbishment we put all of the costs under new build?**

## Annex B: Examples of calculations for 30 hour funded places

Please note these are illustrative examples only.

### Example A:

Provider A is a private nursery currently offering 30 15 hour funded places for 3- and 4-year-olds. They hope to refurbish their setting to make use of an unused office and to reconfigure existing nursery space which will enable them to expand the number of children the setting currently holds. Upon completion of the project, they hope to be able to offer 40 30 funded hour places, across 38 weeks of the year. 20 of these will be created by building on the existing 15 hour places and 20 will be newly created.

30 hour places expected to be created as a result of funding	Number of places	Weeks per year that places will be offered
30 hour places created by building on existing 15 hour place (using additional capacity made available through the funding)	20	38 weeks per year
Newly created 30 hour places	20	
Total number of 30 hour places created	40	

### Example B:

Provider B currently runs an oversubscribed private nursery. They plan to extend their current premises to create 25 new 30 hour funded places in addition to those they can create through making use of existing capacity.

30 hour places expected to be created as a result of funding	Number of places	Weeks per year that places will be offered
30 hour places created by building on existing 15 hour place (using additional capacity made available through the funding)	N/A	51 weeks per year
Newly created 30 hour places	25	

30 hour places expected to be created as a result of funding	Number of places	Weeks per year that places will be offered
Total number of 30 hour places created	25	

**Example C:**

Provider C is a school currently offering 52 15 hour funded places for 3- and 4-year-olds. They hope to work in partnership with Provider D, a voluntary provider, to build a secondary site in the school grounds which will enable them to provide wrap-around and holiday care. The partnership between Provider C and D aims to create 20 new 30 hour places over 51 weeks per year.

30 hour places expected to be created as a result of funding	Number of places	Weeks per year that places will be offered
30 hour places created by building on existing 15 hour place (using additional capacity made available through the funding)	20	51 weeks per year
Newly created 30 hour places	N/A	
Total number of 30 hour places created	20	



## Annex C: Application checklist

You should check that your application:

- consists of one copy of Part A, a copy of Part B and Appendix A per project, and attachments per projects only where Part B stipulates
- does not exceed the local authority's allocated 'Project Limit'
- is submitted altogether by the local authority as described under 'How to apply'
- adheres to the file naming conventions described under 'File names'
- does not duplicate information contained in attachments, where attachments are permitted
- does not include embedded files – these cannot be accessed and will be disregarded
- does not include website or other external links – these will not be accessed
- provides documents that are readable – documents submitted are not shrunk so much that when they are expanded they are illegible or are not scanned with sufficient clarity to serve their purpose
- has key data that is consistent between the application form and the supporting information – e.g. milestone and programme dates that are inconsistent increase concern about delivery risk
- has fully considered the guidance to assess whether the project will be in line with stated priorities for funding
- meets the initial pass/fail assessments: a track record with Ofsted or the Independent Schools Inspectorate<sup>3</sup>; completion date by the end of August 2017; total cost of the project is below £1 million; and a minimum of 25% of the total project cost is funded from alternative sources

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<sup>3</sup> By track record we mean a provider that is registered with Ofsted and has an Ofsted rating or is a school with a rating from Ofsted or the Independent Schools Inspectorate. We are not at this stage requiring a particular inspection rating. The provider does not currently have to offer 3- and 4-year-old provision but must be eligible to expand their current provision to offer 3- and 4-year-old childcare.



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