



Social research number: 74/2026

Publication date: 06/10/2026

Research to understand the impact of the Childcare and Early Years Capital Programme 2022 to 2025

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.

This document is also available in Welsh.

© Crown Copyright Digital ISBN 978-1-80853-408-9

Research to understand the impact of the Childcare and Early Years Capital Programme 2022 to 2025

Authors: Michael Davies and Martyn Pritchard, Strategic Research & Insight

Full Research Report: Davies, M. and Pritchard, M. (2026). Research to understand the impact of the Childcare and Early Years Capital Programme 2022 to 2025. Cardiff: Welsh Government, GSR report number 74/2026.

This report can be found on the Statistics and research pages of the Welsh Government website: <https://www.gov.wales/statistics-and-research>

Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government.

For further information please contact:

Dr Jack Watkins

Equality, Poverty and Children Evidence Support Division

Welsh Government

Cathays Park

Cardiff

CF10 3NQ

research.childrenandfamilies@gov.wales

Table of contents

1.	Introduction and background	7
1.1.	Aims and objectives of this research	8
2.	Methodology.....	9
2.1.	Online survey for local authority officials.....	9
2.2.	Qualitative interviews with local authority officials.....	9
2.3.	Qualitative interviews with childcare and play providers	10
2.4.	Desk research of CIW data.....	11
2.5.	Limitations	11
2.5.1.	Sample being provided by local authorities	11
2.5.2.	Impact of some projects yet to be fully realised	11
3.	Data Analysis	12
3.1.	CIW providers registers	12
3.2.	SASS Data	13
3.3.	Capacity changes	18
3.4.	Summary of data analysis	19
4.	Overall perceptions of the application process.....	20
4.1.	Major grants.....	20
4.2.	Small grants.....	21
5.	Barriers in developing business cases	23
5.1.	Major capital grants	23
5.2.	Small grants.....	26
6.	Weighting criteria.....	31
6.1.	Fit for purpose	31
7.	Identifying and selecting projects	33
7.1.	Major projects	33
7.2.	Small grants.....	34
7.2.1.	Variation in how small grants are identified.....	34
7.2.2.	Amending criteria.....	34
7.2.3.	Equity in the distribution of small grant funding	35
8.	Awareness of the Programme	36
9.	Delivery of the Programme.....	37

9.1.	Challenges in delivering major projects	37
9.1.1.	Were any challenges overcome?	39
9.2.	Challenges in delivering small grant projects.....	39
10.	Impact of the Programme	41
10.1.	Adequacy of funding	41
10.2.	Impact on Welsh Government priority areas	42
10.2.1.	Major grants	42
10.2.2.	Small grants	43
10.3.	Overall themes on impact	44
10.3.1.	Major capital funding supported key priority areas.....	45
10.3.2.	Contrasts between small and major funding	45
10.3.3.	Improved facilities might otherwise not have been possible	46
10.3.4.	The impact extends beyond buildings	46
10.3.5.	Supporting the expansion of Flying Start	47
10.3.6.	Reviewing impact.....	48
10.3.7.	Are some providers being brought on board?	48
11.	Future improvement	50
11.1.	Greater flexibility around timescales for major projects.....	50
11.2.	Navigating queries	50
11.3.	Reducing financial risk to local authorities	51
11.4.	Set template for variations	51
11.5.	Adapting application for multi-site refurbishment projects	51
11.6.	Supporting smaller providers to access funding.....	52
11.7.	Review criteria of replacement items	53
11.8.	Sharing best practice and challenges	53
11.9.	Support with revenue	53
12.	Case studies	55
12.1.	Mixed experiences of a childminder	55
12.2.	Major capital funding to support a range of priorities.....	56
12.3.	Improving play opportunities through small grants	57
12.4.	Expanding capacity through major funding	58
13.	Conclusion	60
13.1.	Areas for future consideration	61

List of tables

Table 1: Average ‘number of children registered to care for’ and ‘average number of children on the books’ 14

Table 2: Total ‘current’ and ‘projected’ places for BJCs 18

List of figures

Figure 1: Averaged Sum of Max Capacity per Quarter	12
Figure 2: CIW registered providers by year	13
Figure 3: Yearly Comparison of Registered Children vs Numbers on Books (Combined Sectors).....	14
Figure 4: Yearly Figures for 'Number of Children Registered to Care For' per Childcare type	15
Figure 5: Yearly Figures for the 'Total Number of Children on Books' per Childcare type	16
Figure 6: Proportion of services offering Flying Start	17
Figure 7: Overall, how would you assess the process of drafting and submitting business cases for major capital grants? (N = 18) October to November 2025	20
Figure 8: Were there any barriers that made it difficult for your authority to develop business cases for major capital projects? (N = 19) October to November 2025	23
Figure 9: In your view, were there any barriers that made it difficult for providers in your area to apply for small grants? (N = 19) October to November 2025	27
Figure 10: In your view, how fit for purpose are the current weighting criteria used to assess business cases for major capital projects? (N = 19) October to November 2025....	31
Figure 11: What specific challenges, if any, did your authority face in delivering major projects? (N = 18) October to November 2025.....	37
Figure 12: In your view, how adequate was the level of capital funding to meet the needs of childcare providers in your area, for major grants and small grants? (N = 19) October to November 2025	41
Figure 13: Thinking about the Programme's major capital projects in your area, to what extent have they contributed to the following priority areas? (N = 18) October to November 2025.....	42
Figure 14: Thinking about the Programme's small capital grants in your area, to what extent have they contributed to the following priority areas? (N = 19) October to November 2025	43

Glossary

ALN (Additional Learning Needs)

According to the Additional Learning Needs and Education Tribunal (Wales) Act 2018 (ALN Act), “[a] person has additional learning needs if he or she has a learning difficulty or disability (whether the learning difficulty or disability arises from a medical condition or otherwise) which calls for additional learning provision”.

BJC (Business Justification Case)

A Business Justification Case is a formal document to demonstrate the need for a project, outline the expected benefits, and provide evidence that the proposed investment supports the objectives of the Capital Programme. It is required to support applications for capital funding on behalf of CIW registered services.

CIW (Care Inspectorate Wales)

Care Inspectorate Wales is the independent regulator and inspectorate for social care and childcare services in Wales, responsible for registration, inspection and enforcement to ensure quality and safety.

CSA (Childcare Sufficiency Assessment)

An assessment carried out by local authorities to evaluate the availability and sufficiency of childcare provision in their area.

ECERS (Early Childhood Environment Rating Scale)

Early Childhood Environment Rating Scale is a tool used to assess the quality of early childhood learning environments by evaluating factors such as space, materials and daily routines.

Flying Start

A Welsh Government early years programme, delivered by local authorities that provides support for families with children aged 4 and under, particularly in disadvantaged areas with the aim of improving outcomes. The programme provides a package of support including funded, part-time, high-quality childcare for 2-year-olds, enhanced health visiting, parenting support and support for speech, language and communication.

EOI (Expression of Interest)

An initial stage in funding or application processes before full submission of a grant application.

NI (National Insurance)

National Insurance is a contribution (or tax) paid by workers and employers.

PACEY Cymru (Professional Association for Childcare and Early Years Cymru)

A representative organisation supporting childcare providers in Wales, particularly childminders.

SASS (Self-Assessment of Service Statement)

Data collected from childcare providers registered with CIW, used to understand service delivery, capacity, and characteristics of provision.

WESP (Welsh in Education Strategic Plan)

A local authority plan outlining how Welsh-medium education provision will be developed.

1. Introduction and background

The Childcare and Early Years Capital Programme (the Programme) was implemented in October 2022 and was a 3-year funded scheme running until March 2025, with a total budget of £70 million. The aim of the Programme was to support Welsh Government-funded childcare programmes and to improve and grow new and existing childcare and play providers.

The budget was split into 2 funding streams: small grants funding and major capital funding. Small grant funding of £8 million was made available in the first year (2022-23), £10 million in the second year (2023-24) and another £10 million in the third year (2024-25), to support Care Inspectorate Wales (CIW) registered childcare and play providers. The small grant funding was managed and administered by the local authority, and the allocation was split based on the number of childcare services located in each local authority. Small grant applications could be made for up to £20,000. However, the maximum amount available was adjusted pro rata according to the registered capacity of CIW-registered providers.

A budget of £10 million pounds per year was made available for the major capital projects in the first year, followed by allocations of £15 million pounds each in both the second and third years of the Programme (£40 million combined across the 3 years). Applications for major capital funding could be made for projects ranging from £20,000 to £2 million pounds. Projects could include anything from small refurbishment works to extending current settings or entire new-builds. The funding was available to CIW-registered services, and applications for funding were led by local authorities, who submitted a Business Justification Case (BJC) to Welsh Government, on behalf of providers.

The main objective of the Capital Programme was to ensure that the childcare sector in Wales was strengthened and supported. The Programme was designed to prioritise investment in key areas, including:

- expanding Welsh-medium childcare provision
- co-locating childcare with schools, health or community hubs
- expanding Welsh Government-funded childcare programmes (e.g. Flying Start, Childcare Offer, early education delivered within non-maintained settings)
- increasing overall registered childcare capacity

In addition to these core priorities, the Programme also supported wider Welsh Government policy objectives, including:

- funding childcare for more families where parents are in education and training or on the edge of work
- delivering a phased expansion of early years provision, to include all 2-year-olds, with a particular emphasis on strengthening Welsh medium provision
- continuing to support the flagship Flying Start programme

- improving accessibility and inclusion for disabled children and those with Additional Learning Needs (ALN)
- enhancing play opportunities for children

A follow-up Capital Programme was set up, running from April 2025 to March 2028.

1.1. Aims and objectives of this research

The aim of this project was to provide an understanding of the impact that both the small and major capital funding have had on childcare and play providers, and to consider the extent to which the grant objectives have been met.

The objectives of the research were to:

- understand whether the small grants funding supported the childcare and play sector, and if so, how
- assess the extent to which funding supported services to deliver Welsh-medium childcare, out of school provision, play, and care for disabled children and children with ALN
- assess the relationship between investment through the Capital Programme and any changes in childcare capacity
- determine whether the grant was sufficiently accessible to both privately-run and public-run services
- identify the barriers and challenges faced by services in applying for and accessing capital funding from both elements of the Programme
- understand providers awareness of the Capital Programme and the suitability of its current priorities and eligibility criteria
- understand how the Capital Programme was used to support the ongoing expansion of the Flying Start programme
- determine whether the weighting criteria was accurate and fit for purpose
- gather views on the adequacy of the level of funding for both funding streams

2. Methodology

Our approach was split across 4 elements:

- online survey for local authority officials
- qualitative interviews with local authority officials
- qualitative interviews with childcare and play providers
- desk research of CIW data and BJC data

We discuss these 4 approaches in more detail below.

2.1. Online survey for local authority officials

Strategic Research & Insight Ltd. (SRI) developed the questionnaire for this survey in conjunction with the Welsh Government, who also provided SRI with contact details for a lead official in each local authority involved in the Capital Programme. SRI emailed the survey directly to these key contacts.

The survey was open for 5 weeks, launching on 13th October 2025 and closing on 21st November 2025. In total, 19 responses were received. 2 reminder emails were issued during the fieldwork period, one from SRI and one from the Welsh Government. The survey was set up and hosted using SNAP Survey software.

Of the 19 responses received, one stated that their authority did not submit a BJC. This respondent was routed to some questions specifically for respondents whose authority did not submit a BJC, but they were also asked some of the same questions as other respondents.

The final question asked respondents whether they would be willing to take part in a follow-up qualitative interview. Of the 19 respondents, 15 indicated that they would be happy to participate.

2.2. Qualitative interviews with local authority officials

Respondents who expressed interest in taking part in a follow-up interview were asked to provide their contact details so that SRI could contact them directly. From the sample of respondents who indicated they were willing to participate, SRI approached some for interview, ensuring representation from across Wales (based on the local authority). 10 qualitative interviews were undertaken, and each interview lasted an hour.

2.3. Qualitative interviews with childcare and play providers

Feedback was also sought from providers. SRI conducted 22 interviews with providers from across Wales who applied for funding. Of these, 3 had only received major capital funding, 5 had received major capital and small grant funding (8 in total having received major funding), 10 had only received small grant funding, and 4 had been unsuccessful in some of their applications for small grant funding. Interviews were sought with these 'unsuccessful' applicants, to better understand any barriers or challenges they experienced during the application process.

Local authorities that participated in the qualitative interviews supplied contact details for providers. SRI asked each authority to nominate a few providers that had received major capital funding and a few that had received small grant funding, which enabled SRI to build a wider sample from which to select participants.

SRI also asked local authorities to identify any providers that had been unsuccessful in their application for small grant funding. However, few authorities were able to provide such contacts. For example, some local authorities explained that most applications for small grant funding in their area were successful, or that where providers were initially unsuccessful, the local authority often worked with them to revise and strengthen their application (e.g. when the proposal was considered viable but had not been presented clearly or fully). As a result, SRI and the Welsh Government contacted relevant representative organisations, asking them to identify providers who had been refused funding, in order to capture their perspectives. Of the representative organisations contacted, PACEY (Professional Association for Childcare and Early Years) Cymru were able to provide some sample for this cohort.

Of the 22 interviews conducted, 3 participants also worked on behalf of an umbrella organisation at a regional level and were able to provide wider perspectives on the Programme.

Of the 8 providers who were initially identified as having received major funding by local authorities, and for this Programme, it became apparent during 2 of the interviews that they had in fact received funding prior to 2022. Further investigation by SRI and the Welsh Government confirmed that these providers had been funded under a previous Capital Programme, immediately preceding the current Programme, and that their details had been included in the documentation for this Programme held by the Welsh Government or the local authority.

Findings from these interviews were retained, as the previous Programme was similar in nature and aligned with comparable aims. However, SRI has treated these findings as supplementary evidence only and has not relied on them as primary data. Any insights drawn from these interviews have been used to support or reinforce findings from providers who received funding during the current Programme period.

2.4. Desk research of CIW data

Welsh Government provided SRI with the following data sources:

- CIW provider registers data from 2019 to August 2025
- CIW Self-Assessment of Service Statement (SASS) data for 2021, 2023 and 2024 (no data was collected for 2022)
- a monitoring spreadsheet of all major capital projects approved during the Programme (2022 to 2025).

The first 2 data sources allowed SRI to interrogate CIW data to understand changes within the sector during the Programme period. This included analysing sector wide capacity changes between 2022 to 2025 and exploring patterns across different provider types.

The third data source enabled SRI to map capacity changes among providers which had been approved for major grants during the Programme period.

2.5. Limitations

2.5.1. Sample being provided by local authorities

SRI and Welsh Government agreed that the most viable method for recruiting providers was to ask local authorities to nominate a small number of providers who had received major or small grant funding. This enabled SRI to compile a sample of providers to invite for interview, ensuring representation across different provider types and regions of Wales.

While this approach was considered the most appropriate, it should be noted that relying on others to nominate participants introduces the potential for selection bias.

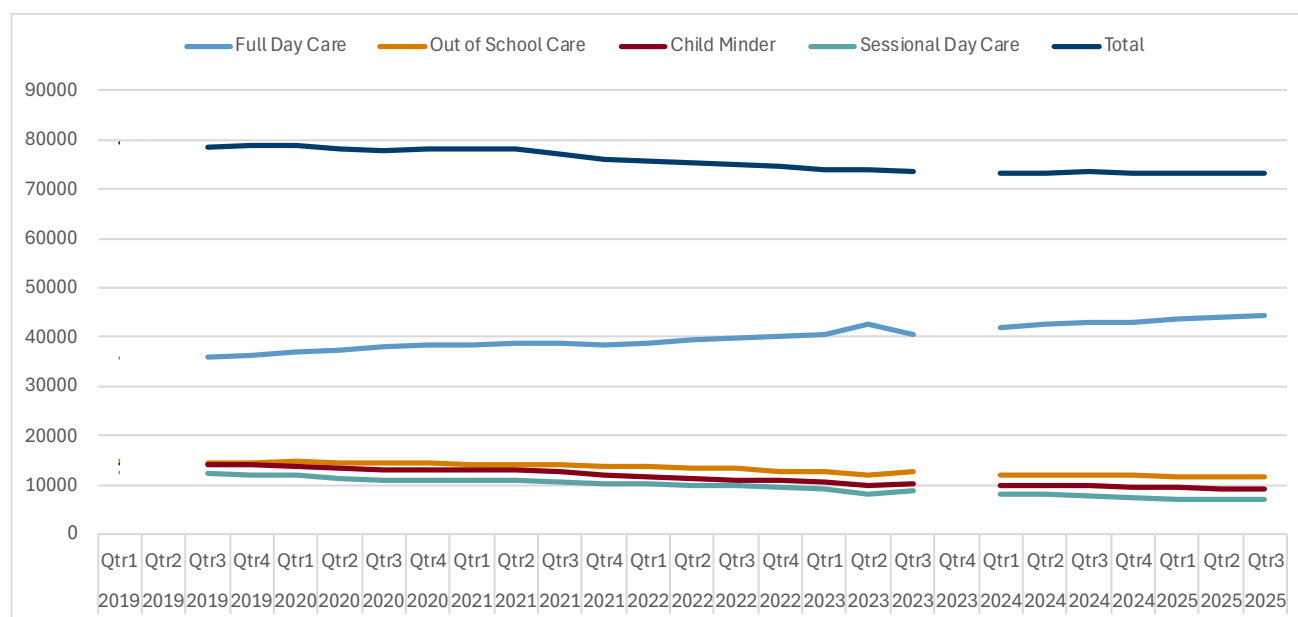
2.5.2. Impact of some projects yet to be fully realised

Interviews with local authorities and providers explored perceptions of the Programme's impact to date. However, some local authorities and major grant recipients emphasised that for certain projects, particularly larger capital developments, the full impact will only become clear in the coming years. For example, new providers may take time to reach full operational capacity.

3. Data Analysis

3.1. CIW providers registers

Figure 1: Averaged Sum of Max Capacity per Quarter

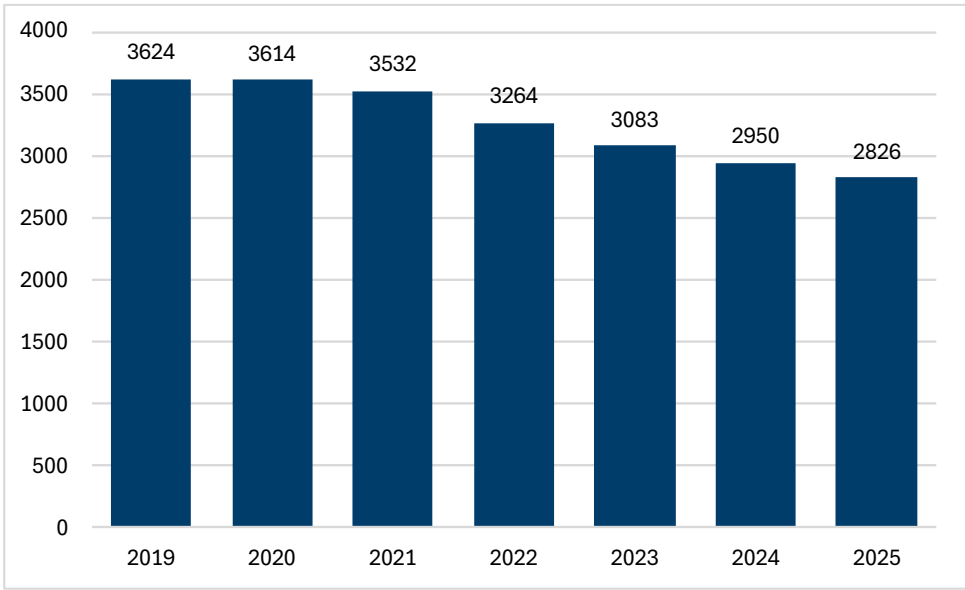


Description of Figure 1: 5 line chart plots, each with a trend line, showing the averaged total capacity (number of places) of the childcare sector broken down by quarter from Q1 2019 to Q3 2025, taken from CIW provider registers data.

This chart was created by combining ‘maximum capacity’ figures across childcare and play policy providers, for the period 2019 to 2025. ‘Cancelled’, ‘dormant’ and ‘suspended’ registrations were excluded from the results. The remaining data was then summed by quarter and year, and an average was taken for each quarter to provide equivalent data points. There was no data provided for the second quarter of 2019 or the fourth quarter of 2023. Data is presented for full day care, out of school care, child minding and sessional day care respectively. Other providers, such as crèches or open access play provision, are not shown, as their capacity is minimal in comparison to those presented above.

Overall, the current trend shows a decrease in maximum capacity across the childcare sector, starting at an average maximum capacity of around 79,500 and falling to around 72,500 over the 7-year period. Out of school care, child minding and sessional day care providers show a similar trend of decline in capacity. Conversely, full day care providers have seen an increase in their maximum capacity over the same period.

Figure 2: CIW registered providers by year



Description of Figure 2: A column chart showing the total number of CIW registered childcare providers per year from 2019 to 2025. The chart highlights a decline in the number of registered providers over this period, from 3,624 in 2019 to 2,826 in 2025.

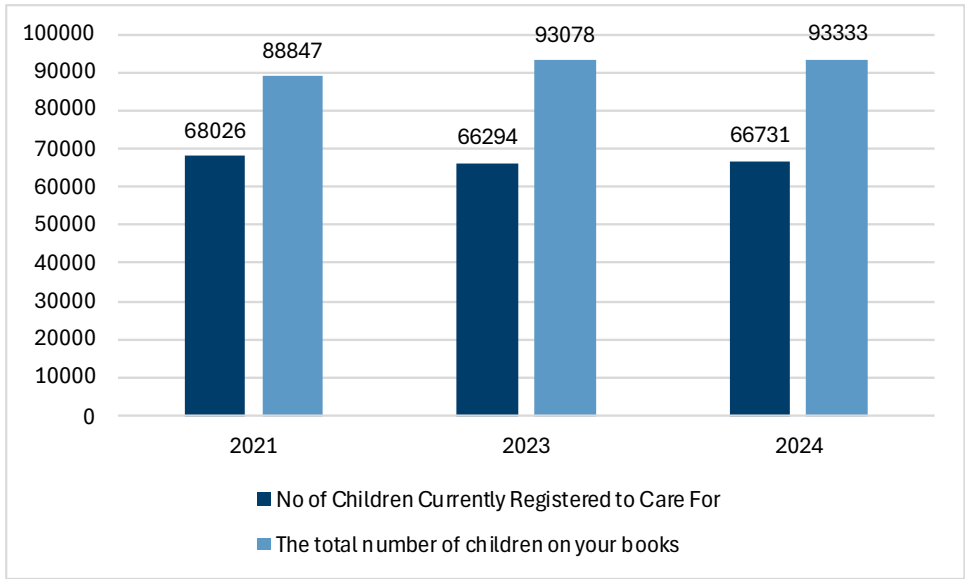
Alongside the decrease in capacity across the sector noted earlier, there is also a steady decline in the number of registered providers over this period, falling from 3,624 in 2019 to 2,826 in 2025.

As with the earlier chart, ‘Cancelled’, ‘dormant’ and ‘suspended’ registrations were excluded. CIW register data is collected weekly, therefore, for consistency, annual totals were calculated from datasets taken in January, and compared against other datasets from the same year to ensure there were no anomalies in the data used to represent each year.

3.2. SASS data

The following bar charts were created using a database of information extracted from Self-Assessment of Service Statements (SASS). SASS data is collected through an annual return and, while more detailed than the CIW register, typically covers around 93–97% of registered services rather than all services. To try and reflect the childcare and early years sector, data from providers which only offer care for children aged 12 and over were removed. The charts consist of 2 bars per year, one showing the combined number of children registered for care with providers, and the other showing the total number of places on the books. As noted earlier in the methodology section, SASS data was not collected for 2022.

Figure 3: Yearly Comparison of Registered Children vs Numbers on Books (Combined Sectors)



Description of Figure 3: A bar chart showing a comparison of the total number of children registered for childcare and the number of children on the books, for the years 2021, 2023 and 2024.

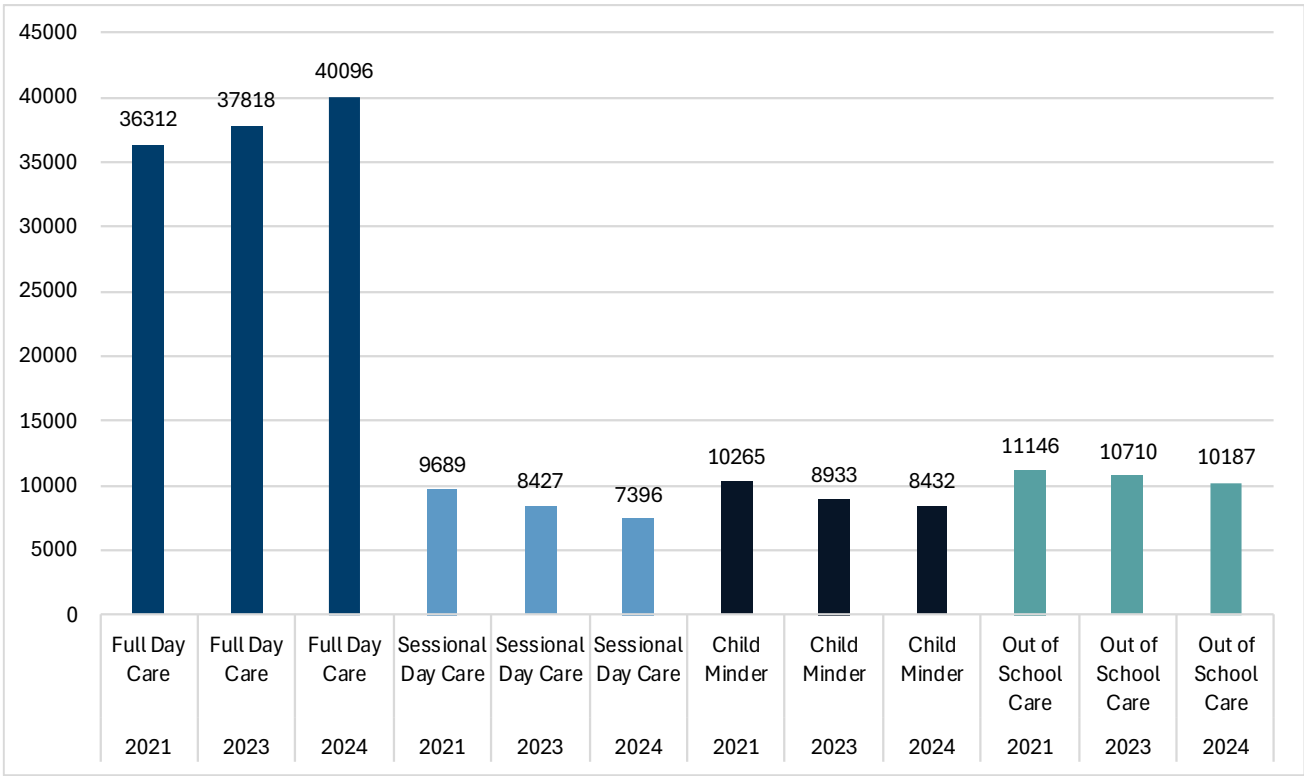
Overall, there is a small decrease in the number of children ‘registered for care’ within the sector as a whole (also known as registered capacity), whereas there is a larger increase in the ‘total number of children on the books’ over the same period.

Table 1: Average ‘number of children registered to care for’ and ‘average number of children on the books’

Year	Average No. Registered	Average on Books
2021	23.4	30.6
2023	24.7	34.7
2024	25.5	35.7

Both the average number of children ‘registered to care for’ and the ‘average number of children on the books’ for childcare providers in general has increased from 2021 to 2024, with a larger proportional increase of the average numbers on the books, perhaps reflecting the trend shown earlier with more full day care settings, and fewer other setting types.

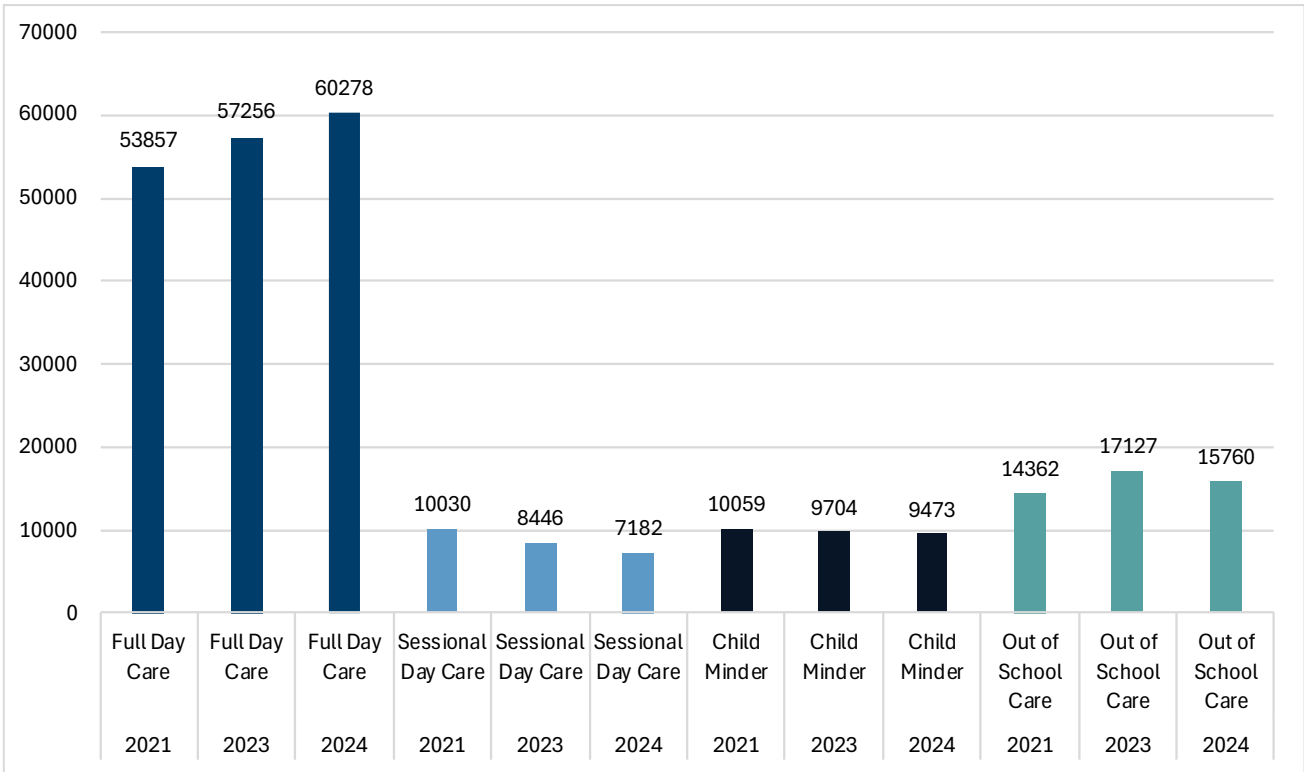
Figure 4: Yearly Figures for ‘Number of Children Registered to Care For’ per Childcare type



Description of Figure 4: A bar chart showing the total number of children ‘registered to care for’ by different types of childcare provider, each for the years 2021, 2023 and 2024.

Full day care providers have seen an increase in the number of children ‘registered to care for’ (registered capacity) since 2021. During the same period, other types of childcare providers have seen their numbers decrease. As with the comparison of the CIW Registers data, crèches and open access play provision were excluded from this chart due to low sample size.

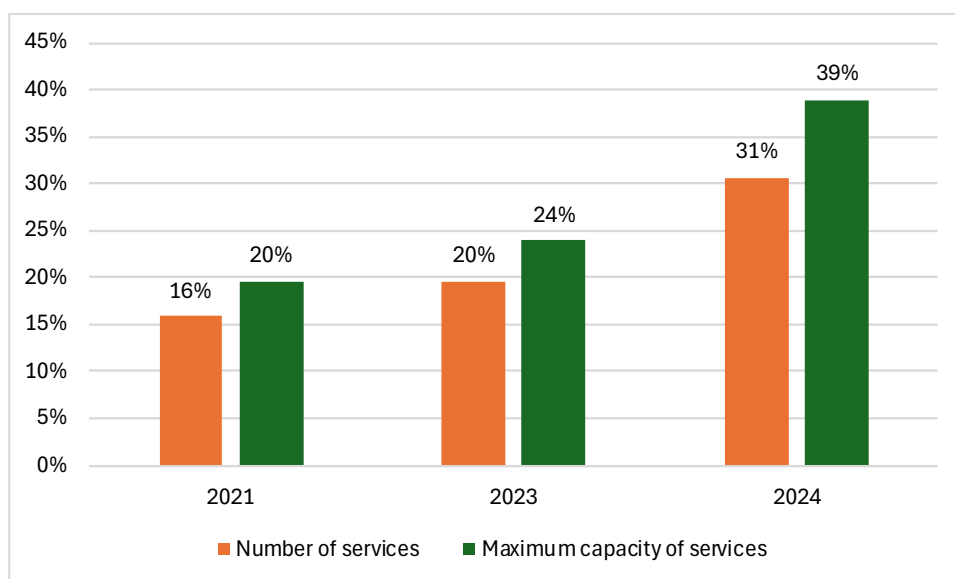
Figure 5: Yearly Figures for the ‘Total Number of Children on Books’ per Childcare type



Description of Figure 5: A bar chart showing the total number of children on the books for different types of childcare provider, each for the years 2021, 2023 and 2024.

Sessional day care providers and Child minders have both seen the number of children on their books decreasing between 2021 and 2024. Out of school care providers had a brief increase between 2021 and 2023, but as of 2024 the number of children on their books is also decreasing. Full day care providers have continued to see increasing numbers on their books since 2021.

Figure 6: Proportion of services offering Flying Start



Description of Figure 6: The proportion of services completing SASS that offered Flying Start, alongside the proportion of overall registered capacity that offered Flying Start.

While overall sector capacity has decreased, there have been increases within particular types of provision, such as full day care settings, as shown earlier. A similar trend can be seen among services delivering Flying Start (from the SASS returns), which was a key strategic objective of the Capital Grant Programme.

The number of services delivering Flying Start increased from 477 in 2021 to 828 in 2024, representing an increase of 74%. Over the same period, the maximum capacity of Flying Start services increased from 13,794 places to 26,899 places, an increase of 95%.

As shown in Figure 6 above, the proportion of services delivering Flying Start increased from 16% in 2021 to 31% in 2024, while their share of maximum capacity increased from 20% to 39%.

The pattern for the Childcare Offer for Wales is different. The number of services registered to deliver the Childcare Offer decreased from 2,524 in 2021 to 2,327 in 2024, representing a decline of 8%. However, the maximum capacity of these services remained almost unchanged, at 58,954 places in 2021 and 58,949 places in 2024.

The proportion of services registered to deliver the Childcare Offer remained broadly stable, at 84% in 2021 and 86% in 2024. Their share of maximum capacity was also broadly stable, at 83% in 2021 and 85% in 2024.

This suggests that, although the number of services registered to deliver the Childcare Offer decreased, the overall capacity of those services was maintained. Furthermore, whilst the number of Childcare Offer providers fell by 8%, this was less than the overall decrease in CIW registered childcare providers (16% - taken from the CIW data, as shown in Figure 2).

3.3. Capacity changes

Welsh Government provided SRI with a master database of all major funded projects in October 2025, covering the full 3-year period up until that timeframe. SRI cross-referenced this database with the BJC documents for each project to identify any changes in capacity created within the sector.

It is important to note that this analysis has accuracy limitations. Information recorded in BJCs may be updated over time via other documents, final places may not always be accurate, and in some cases details within BJCs were unclear.

Furthermore, BJCs and associated documents, such as monitoring reports, do not note the setting's (or planned setting's) service type, i.e. whether it is a Full Day Care Setting, or another type of setting. As noted in many of the charts above, capacity has increased in Full Day Care settings, whilst capacity has decreased for other setting types. However, we do not know what effect the Capital Programme has contributed to this shift as we do not know the types of settings supported by the Programme.

Nevertheless, the analysis below offers a broad indication of how major funded projects may have contributed to increasing sector capacity.

Table 2: Total 'current' and 'projected' places for BJCs

	Total
Current Places	1463
Projected Places	2382
Total new places	919
Current Welsh-medium	391
Projected Welsh-medium	885
Total new places	494
Current Bilingual	721
Projected Bilingual	823
Total new places	102
Current English-medium	351
Projected English-medium	674
Total new places	323

This table shows the combined number of 'current places available' in settings that produced a BJC (i.e. the number of places before receiving funding), and the 'projected

number of places' available after completing any funded works. It also includes a breakdown of current or projected places by the language intended for that placement.

The figures show that overall the number of places available is projected to increase from 1,463 places to 2,382 places, an increase of 63% amongst these BJCs, should all plans come to fruition. The potential increase in the number of places (919 places) amounts to a very low proportion of the total places recorded in the sector – approximately 72,500 places. The increase in places (919) represent 1.3% of the total number of places.

The greatest proportional increase comes from Welsh-medium placements, from 391 places to 885 places, an increase of 126%. Bilingual and English places have also projected increases but by a smaller margin. Bilingual places were projected to increase from 721 to 832, an increase of 13%; while English-medium places were due to increase from 351 places to 674 places, an increase of 92%.

From this data, we can also calculate the percentage of projected places that are Welsh, bilingual or English-medium. Of all of the projected places, 54% were projected to be Welsh-medium places, 11% were due to be bilingual places, and 35% were due to be English-medium places. It is important to note that the distribution of projected places is not proportional to the distribution of current places. For example, from looking at CIW data for August 2025 (the most recent dataset used when we were conducting our analysis), this shows that 74% of childcare places (capacity) were at settings where the 'main operating language' was categorised as English, compared to 15% where Welsh was the main language, and 12% where the main language was noted as 'both'.

3.4. Summary of data analysis

Overall, the current trend shows a decrease in maximum capacity across the childcare sector. This decline in capacity has been observed across a number of childcare provider types. Conversely, full day care providers have seen an increase in their maximum capacity over the same period.

However, the increase in capacity among full day care providers has not been sufficient to offset declines in capacity from other provider types, resulting in an overall decrease in capacity across the sector.

The analysis of BJCs shows that the potential increase in the number of places as a result of the Capital Programme (2022 to 2025) amounts to a very low proportion of the total places in the sector. Therefore, while the Capital Programme is expected to increase capacity within some settings (or through new settings), it is not possible to say that the capacity changes anticipated through the Programme will have resulted in an overall increase in capacity across the sector, given the longer-term trend of declining capacity.

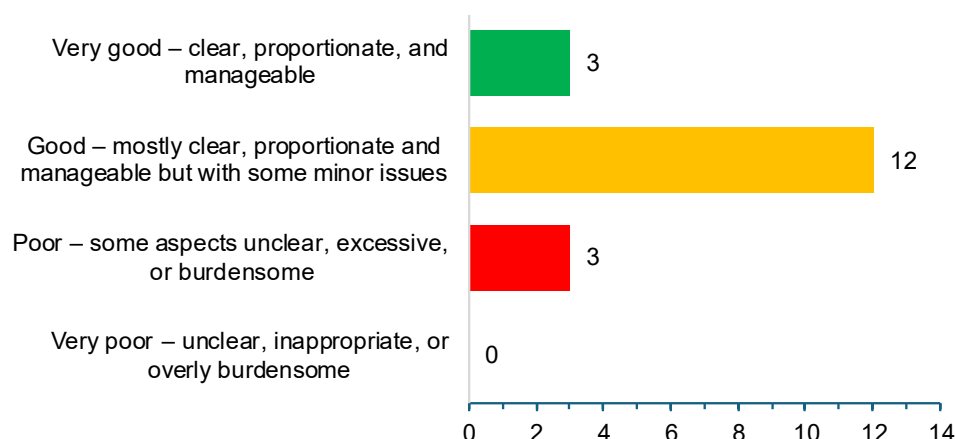
4. Overall perceptions of the application process

In this section, and in subsequent sections, we combine findings from the survey and follow-up qualitative interviews with these local authority officials, as well as findings from the qualitative interviews with providers. Firstly, we look at satisfaction with the process of drafting and submitting applications, beginning with applications for major funding.

4.1. Major grants

As Figure 7 below shows, the majority of respondents (local authority officials) to the online survey rated the process of drafting and submitting business cases for major capital grants as 'very good' (3 respondents) or 'good' (12).

Figure 7: Overall, how would you assess the process of drafting and submitting business cases for major capital grants? (N = 18) October to November 2025



Description of Figure 7: a bar chart showing that 3 of the local authority respondents surveyed rated the process as 'very good – clear', 12 described it as 'good – mostly clear', 3 described it as 'poor' and no local authorities rated the process as 'very poor'.

Interviews with local authority officials helped to explain why many rated the process as 'very good' or 'good'. Interview participants felt that the guidance was relatively easy to understand, and that the application process was relatively clear, including how to align their BJC with the Welsh Government's priorities.

There was also praise for Welsh Government officials. Many local authority officials noted that when they had queries about completing their BJC, the Welsh Government often responded quickly and provided helpful advice, for example, where authorities were unsure how to answer specific questions or what information was required to answer a particular question.

Some local authority officials also noted that they had early discussions with Welsh Government officials before formally submitting a BJC, which helped ensure that BJCs were well developed and aligned with expectations prior to submission.

“The support from the capital team in Welsh Government...has been really good....even when the message was... “you haven’t done this” or “you need to do that”. That support helps, because I’ve been able to ask, “What are you looking for in this question?”...It’s important all the key facts are in the BJC to enable an informed decision.” (Local authority)

From the perspective of providers, experiences of the major grants application process were generally positive, although their level of involvement varied. Local authorities led the development and submission of BJCs, with providers contributing supporting information such as information on demand and capacity, and where relevant, site specific or legal information relating to the site.

However, there were also reports of very limited involvement in the application process, with local authorities leading entirely on bid development and submission. In these cases, providers were informed of the outcome, and often kept up to date, rather than being involved in the process. While this approach was generally viewed positively due to the level of complexity involved in drafting BJCs, it also meant that providers were not always fully involved in shaping projects from the outset. In one instance, a provider felt that the final build did not fully meet their needs (for example, in relation to storage), although they described their concern as very minor.

Despite these broadly positive views, local authorities were asked specifically about barriers and challenges to the application process. These are explored in more detail in chapter 5.

4.2. Small grants

Feedback from provider interviews suggests that the application process for small grants was generally seen as accessible, and completed without too much difficulty, in many circumstances. It was often described as “clear” and “manageable”, with providers noting that the process became easier over time as they submitted further applications after receiving their first grant. There were also reports of local authorities streamlining or refining their processes following the first year of the Programme.

From the perspective of local authorities, the small grants application process was also viewed positively. Authorities reported high levels of interest in the funding among providers, with most applications being successful. Where applications were not approved, local authorities sometimes gave feedback, so that providers could amend wording to apply again, or in some instances, the local authority suggested alternative items to the item they were initially refused for.

Also, one local authority noted that they offered training for grant writing, workshops, or supplied samples of successful applications to help providers apply successfully for small grant funding.

As noted earlier in the methodology section, local authorities were generally unable to identify providers which had been entirely unsuccessful in securing funding, as most applicants received support at some stage. Local authorities also reported that the process had become more effective over time, as criteria were clarified for providers, and they became aware of what might and what might not be an acceptable use of small grant funding, according to the funding criteria.

However, as with the feedback on major grants, despite these broadly positive views, a number of frustrations and challenges with the application process were reported. These are explored in more detail in chapter 5.

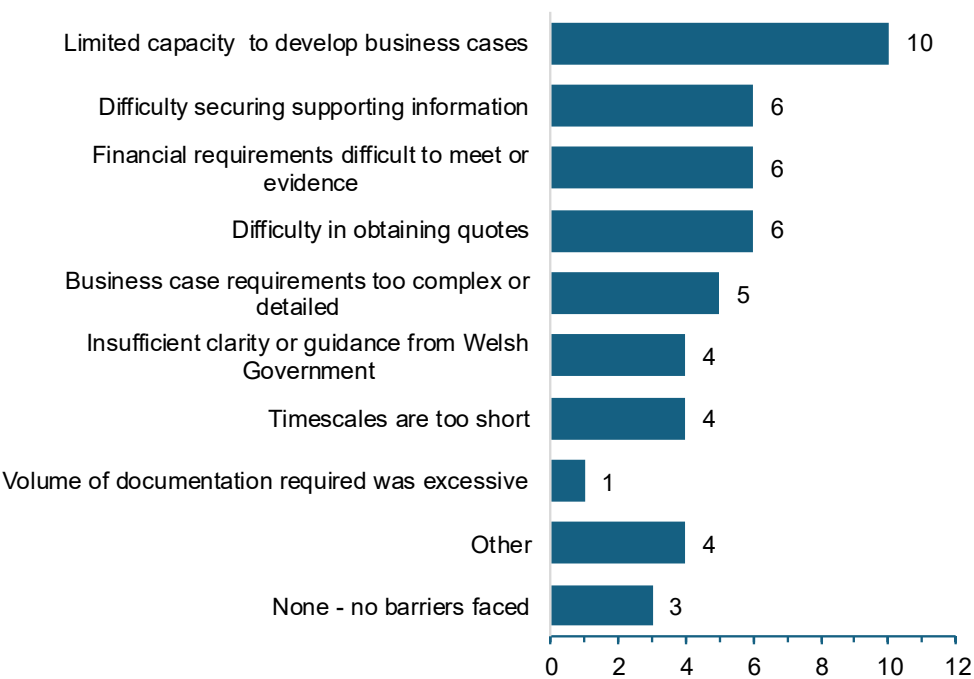
5. Barriers in developing business cases

Local authorities were asked both in the survey and in follow-up qualitative interviews about barriers to developing business cases. It is important to note that while a few described the application process as challenging, the level of scrutiny was felt to be appropriate given the level of funding involved. A few participants also said that their high success rate in securing approval for major funding supported their positive perception of the process. There were, however, some areas where local authority officials felt the process could be improved, as noted below.

5.1. Major capital grants

In the survey, local authority officials were asked if there were any barriers that made it difficult to develop business cases for major capital projects. This question was asked of all respondents, including the one respondent whose authority did not submit a BJC.

Figure 8: Were there any barriers that made it difficult for your authority to develop business cases for major capital projects? (N = 19) October to November 2025



Description of Figure 8: a bar chart showing that the most common barriers raised by respondents was their ‘limited capacity to develop business cases’, with 10 respondents choosing this response. The next most common responses, with 6 respondents choosing each of these options, were ‘difficulty securing supporting information’, ‘financial requirements difficult to meet or evidence’, and ‘difficulty in obtaining quotes’.

Around half of the total respondents (10 of 19 respondents) said that their limited capacity to develop business cases was a barrier. In the qualitative interviews with local authorities, some said that they had potential projects that they felt would be viable, however, they could only submit a limited number of BJCs due to their limited capacity and resources. For example, one respondent said: “We have a lot of projects we could do but we don’t have the staffing”. Indeed, some local authorities have hired staff, including on secondment from other roles, to help manage the Capital Programme.

6 survey respondents said that ‘difficulty securing supporting information’ was a barrier. When discussing this in the qualitative interviews, it transpired that this was less about finding or creating particular documents, but more about bringing all of the required evidence together. However, returning to a point made earlier, overall satisfaction with the application and approval process was high, with many stating that the rigour provided by the application process was deemed to be acceptable given the levels of funding involved.

The same number of respondents (6) stated that ‘financial requirements being difficult to meet or evidence’ was a barrier. A commonly mentioned theme from the interviews was the level of upfront financial risk associated with submitting business cases. Local authorities said that they were required to incur upfront costs, such as design work or surveys, before receiving formal approval. Some local authorities said that they had sites which they thought would be viable for a major grant, but were unable to proceed as their authority considered it an unacceptable risk.

“What I would say in terms of some of the difficulties we’ve had, the predominant one is “spend at risk”. It’s an issue across all of the projects. As an LA, we don’t have that money. We, like most LAs throughout the UK, have an overspend. We don’t have a capital pot that we can tap in to. There have been some projects that we really struggle with bringing to fruition. We know it’s a valid project, we know if we had the funding we could make it work but because we have “spend at risk” our senior leadership won’t take the risk.” (Local authority)

Local authorities acknowledged that the Welsh Government reimburse these costs up to a cap of £50,000 if a BJC is approved, and were appreciative of this. However, they noted that this does not change the fact that these costs are a considerable risk, and would not be reimbursed if BJCs are not approved. Authorities also said that inflation had increased the upfront financial risk, and it had also created uncertainty in receiving estimates from contractors to support a BJC.

One example provided by a local authority official concerned an area that currently lacks provision but has very few suitable locations available, and any potential sites require significant ground investigations. To determine whether a potential site would be feasible, they would need to undertake these elements of groundworks or commission site inspections. However, the project has not progressed, partly due to concerns about losing money on these activities, which they described as very costly, if their application were ultimately not approved by the Welsh Government.

In relation to the above points, and other points in this report, a few local authorities queried whether there could be an additional stage added to the process, for example, a pre-approval, or statement of general support (if deemed to be a generally suitable proposal). It was felt that if there was an upfront element of support from the Welsh Government, then this may give local authorities the confidence to pursue projects which they feel are viable. Some suggested this could be an element of approval or support with no finance given, while others suggested a pre-approval stage whereby the funding of the planning application process, or initial feasibility, is covered.

6 respondents said that 'difficulty in obtaining quotes' was a barrier. This included contractors not always being responsive when ready to commence a project, or to requote, when a BJC has been approved (for example, if the BJC was approved many months after initial quotes are given). Local authorities also said that they sometimes have difficulties in getting quotes to support BJCs as the project has not been approved at that stage.

"They look for all this granular detail but you almost need a process before submitting the full business case. So they can say, broadly speaking this proposal is good and we would support it but now we need the granular detail. To give comfort to the contractors, because if we're getting quotes and they want granular detail of all the works, what the value for money is, before I've even had the funding agreement, that's a lot to ask somebody to trust me this isn't going to be a waste of their time. Under previous schemes, they did a lot of work for us before it even went to business case. There's a lot to do before business case template and submission, maybe a light touch draft first to support with, that would be my general thoughts on that." (Local authority)

Conversely, one local authority discussed how they had some contractors continually chasing them after submitting a quote, querying when the project would commence, or noting that they want to get started.

5 respondents chose the option 'business requirements being too detailed or complex', while 4 chose 'insufficient clarity or guidance from Welsh Government'. Related to these points, a few participants said that after submitting their BJC, they received many follow-up questions which they felt were either repeating information already included in the BJC, or covered new topics which were not noted in the guidance or in the BJC template.

"Getting a business case through, the amount of questions you get back, you feel like you're writing War and Peace. You keep getting more queries from Welsh Government instead of having all the questions in one go...You tick one box but then there are 5 more you need to tick." (Local authority)

In such cases, one participant queried whether closer collaboration with the Welsh Government could be conducted at the pre-submission stage, to reduce the likelihood of extensive follow-up queries and to minimise delays to project delivery. However, overall the main query was why they had received so many queries, and in some instances, unexpected queries, as they felt the BJC should have requested such information if this information was required.

4 respondents stated that ‘timescales are too short’. A challenge frequently mentioned by local authorities in the qualitative interviews was the timeframe between preparing a BJC and receiving approval. Participants noted that by the time a business case was approved, costs may have increased, particularly during periods of high inflation. While many authority officials felt that this was merely a circumstance in a time of rising inflation, there were also queries as to whether the application process could be accelerated to alleviate these issues, or whether panel review timings or frequencies could be reviewed, in case anything could be done.

The 2 quotes below demonstrate the challenges local authorities face with current timescales.

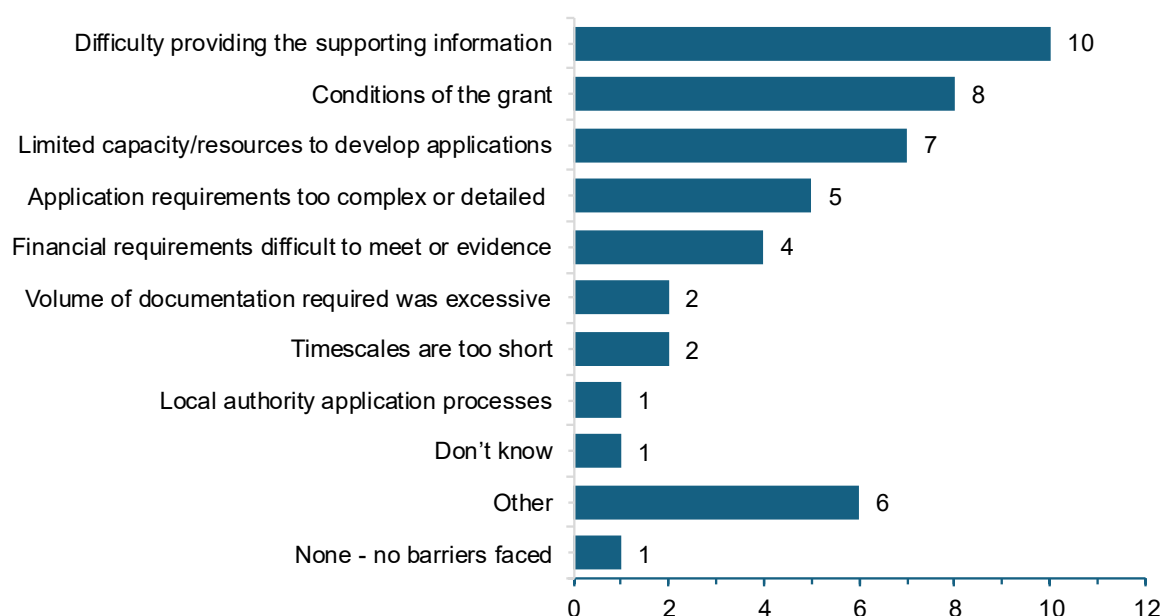
“I think the biggest challenge we find as an authority is the timescales from submitting a business case to then actually receiving the award letter. It plays a huge impact. By the time you get the award letter it could be 7 months down the line and actually, due to inflation and increased costs, it could increase the cost of the build by £20,000 plus and then we’re having to re submit a variation form for Welsh Government which could take another 4 or 5 months which would then impact on our timescales for completion date.” (Local authority)

“From the initial EOI [expression of interest], it can take 12 months to actually submit the bid to Welsh Gov. By the time you submit your bid, it goes through a couple of panels and comes back to you, you’re into the next financial year and you have to borrow the money or the costs have gone up. It feels like the longest process ever.” (Local authority)

5.2. Small grants

In the survey, local authority officials were asked a similar question about small grants. However, as small grants are administered by local authorities, SRI asked local authorities for their perceptions of whether there were any barriers that made it difficult for providers in their area to apply for small grants. Below we present the findings from that survey question, alongside findings from the qualitative interviews with both local authorities and providers.

Figure 9: In your view, were there any barriers that made it difficult for providers in your area to apply for small grants? (N = 19) October to November 2025



Description of Figure 9: Bar chart showing that the most common barriers raised by respondents was ‘difficulty providing the necessary supporting information’, with 10 respondents choosing this response. The next most common response, with 8 respondents choosing this response, was ‘conditions of the grant’.

The most common barrier that local authorities felt providers faced was ‘difficulties providing the necessary supporting information’, with 10 respondents choosing this response. Local authority participants felt that some providers are time-poor, and less confident with administrative work, particularly smaller providers. Similarly, the third most common response – ‘limited capacity/resources’ (7 responses) also relates to these points, while ‘application details being too complex or detailed’ (5 responses) is linked to this point.

While most providers interviewed felt that the application form was not too long, some felt otherwise, particularly childminders, stating that they “worked really hard” to put some of their applications together, spending “many hours” doing so. Some providers also reported a lack of feedback, limiting their enthusiasm to apply again:

“There isn’t much transparency on why I was refused. I wasn’t going to go for another application because I didn’t want to waste the time on the application.”
(Provider, small grant recipient and unsuccessful applicant)

Also, in relation to the above point, some providers said that they felt that the level of burden attached to submitting applications for small grant funding differs between authorities. They had spoken to providers in other areas, and in some cases, perceived that processes were more onerous within their own authority, or in other cases, easier in their authority compared with other areas.

“Overall, it’s definitely worth doing but the process is just so tedious. You hear about other counties and they’re asking for just one month’s bank statements. I know it sounds daft but when you’re talking about hundreds of pages of documents, it’s a lot. Printing off the bank statements, then redacting information, and everything has to be sent digitally. I have to redact loads. I don’t want to be sending off children’s names and parents. I’ve got the print it off, redact it, then scan it. Then the email to send to the council being too big to send.” (Provider, small grant recipient)

The second most common response related to the ‘conditions of the grant’, with 8 respondents choosing this response, but also related is ‘financial requirements difficult to meet or evidence’ (4 responses). In the interviews with authority officials, many noted their requirement that settings must remain operational for 5 years after receiving a small grant. If they close, then they may be required to pay back the small grant, or a proportion of it. This issue likely relates to ‘conditions of the grant’ but may also relate to ‘financial requirements difficult to meet or evidence’. Local authorities said that settings were operating in a difficult financial climate, and that there was a lot of uncertainty in the sector, which can affect their confidence as to whether they will still be operational within 5 years.

“In last year’s round of grants we had a number of settings that wouldn’t put an application in as they had concerns around sustainability. The new NI (National Insurance) came in so they were having to pay the extra NI contribution amount. Other costs have just gone through the roof, like food and utility bills. The general cost of living has gone up so much and that has impacted settings so much that they won’t apply because if they needed decoration done, or additional toilets that might cost £6,000 to £7,000, the concern around having to pay that back if it’s not sustainable puts people off. We had fewer applications.” (Local authority)

Again, this was an issue that was mentioned by a few different types of providers, but in particular, the childminders included in the qualitative stage. This included one childminder, who was in their early 60s, and reluctant to apply for the small grant again, as they were unsure when they would like to retire. While there are no recent comparative figures for Wales, a figure for England from the [Childcare and early years provider survey](#) showed that nearly half (47%) of childminding staff in England are aged over 50, although there was no category beyond ‘over 50’. Therefore, such a sentiment has the possibility of affecting many childminders.

Also relating to financial issues, were instances where settings were taxed on the income they received from small grants, which resulted in a reluctance to apply again for a small grant. This was only mentioned by one local authority, but it was unexpected and of surprise to them. They are uncertain why these settings were taxed, as shown below:

“The other challenge we had was only from a couple of settings, but they won’t apply for a grant again, because when the money hit their account, they were taxed on it. I don’t know how that’s happened, I didn’t think grant funding was taxable. It shouldn’t have been surplus so it shouldn’t have been taxable. One of them probably had a lot of grant funding through a lot of streams as they’re in a community building. The person probably had a lot of money sitting in the account

before deciding to spend it. This is an assumption though. There was another one who may have been waiting for the contractor to complete the work, and it may have fallen from one financial year to the other. They didn't make us aware of that. I'm assuming it's more of an issue in regard to their management rather than anything we could have done." (Local authority)

In relation to the application process and financial requirements, a small number of providers reported difficulties in obtaining 3 quotes for higher value small grants (e.g. grants over £5,000), or where they were purchasing a number of different items as part of one small grant application, for example 20 or so items needing 3 quotes for.

While less common than for major grants, this issue was noted particularly by rural settings, or settings seeking quite particular items. For example, a setting that was seeking specialist equipment for a child with ALN said that there were very few suppliers in their area for the item they needed, and despite raising this with the local authority, were informed that 3 quotes were still required. To resolve the situation, the setting sought support from a physiotherapist, who provided a letter to justify both the need for the equipment and the difficulty in obtaining multiple quotes. The grant was subsequently approved.

However, another provider described how, in a similar situation, they were unable to proceed with an application to replace specialist flooring, as only 2 suppliers were available and they were unable to obtain a third quote. They reported that, despite raising this with their local authority, the requirement for 3 quotes remained, and so, they did not submit an application.

Several local authority officials also noted that a few providers had misunderstood the intended purpose of the grant in the first year, for example, by submitting claims for consumables. Similarly, many authorities reported challenges where childminders applied for small capital funding for alterations or renovations to their properties. These improvements were judged to primarily benefit the individual childminder's home, rather than the setting, and the grant applications were therefore refused on those grounds. This was an issue that was often raised, and is mentioned throughout this report.

Also in relation to misunderstandings, was an instance where a provider said that they needed an item worth just under £50, while they said their local authority had a minimum spend threshold of £50. The item was part of a 'dark den' set, and after discussions with the local authority, the setting said that the authority recommended they purchase the full set, costing a few hundred pounds. While the provider was grateful, they felt this is money that could have been spent elsewhere and felt there shouldn't have been a minimum spend.

Relating to 'conditions of the grant', but also 'timescales being too short' (2 responses) were issues around timescales. Local authorities noted that more extensive small grant projects, such as alterations or renovations close to the upper limit, can be challenging to complete by the end of a financial year.

While less of a 'barrier' to submitting small grant applications, some providers spoke of frustrations where local authorities had different caps on certain items and eligibility is inconsistent. For example, one local authority might allow a provider to submit an

application for a mud kitchen costing a certain amount, while a neighbouring authority may allow applications for the same item for a far larger amount.

“They differ a lot from county to county, what we have seen happen is that although the Government gives criteria of this is what you get, each county interprets it a little differently. In one county you can get a mud kitchen for £300 and that's it, in another county you can choose a mud kitchen for up to £1,000. There is no consistency.”

(Provider, small grant recipient)

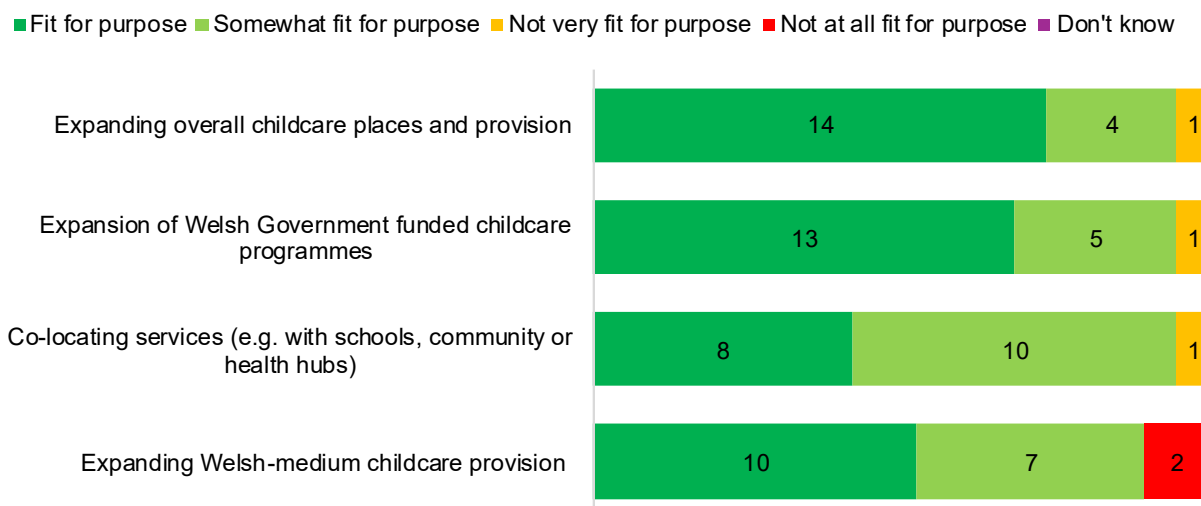
Amongst the providers interviewed, there were also complaints of inconsistency in funding decisions. For example, one provider described how they received funding to improve their outdoor area, while a childminder near to them was initially refused funding for similar improvements, despite this being recommended during a CIW inspection for that provider, although the decision was later overturned following a complaint.

6. Weighting criteria

6.1. Fit for purpose

In the survey, local authority officials were asked for their opinions on the weighting criteria used to assess business cases for major capital projects and how fit for purpose they were. The results are shown below.

Figure 10: In your view, how fit for purpose are the current weighting criteria used to assess business cases for major capital projects? (N = 19) October to November 2025



Description of Figure 10: Horizontal stacked bar chart, showing that responses were largely positive, with most ratings falling into the 'Fit for purpose' or 'Somewhat fit for purpose' categories. Outside of these categories, there was 1 'Not very fit for purpose' response for expanding overall childcare places, 1 for co-locating services, and 1 for expanding Welsh Government funded childcare programmes, while expanding Welsh-medium childcare provision received 2 'Not at all fit for purpose' responses.

As shown in Figure 10, responses were largely positive with the vast majority stating that they felt the weightings were fit for purpose, to some extent. Survey respondents who stated that any weighting criteria were not fit for purpose were asked to explain their response, while qualitative interviews also provide some explanations.

Of the 2 respondents who felt that the criteria to 'expand Welsh-medium childcare provision' was not fit for purpose, one said that their authority was already expanding Welsh-medium provision, while the other said that their area already had substantial Welsh-medium childcare in place. As a result, they felt that this criteria was less of a priority for their area, and that shortfalls or priorities in their area lay elsewhere.

One respondent stated that both expanding overall childcare places and provision, as well as co-locating services, were 'not very fit for purpose'. However, in the open comments they clarified that the overall expansion of places was still a priority; their concern was that it

should have been given greater weight than the co-location of services. This imbalance in prioritisation was the reason they rated these criteria as 'not very fit for purpose'.

Relating to the criteria attached to co-location, a few local authorities highlighted challenges relating to co-location with school sites. While co-location was widely recognised as important, in practice it was often more complex to deliver than other criteria. This was particularly the case where projects needed to align with wider school capital programmes, such as the Sustainable Communities for Learning Programme (formerly 21st Century Schools). They said that such programmes, for example new and significant school developments, are planned well in advance and operate on different and far longer timelines. As a result, opportunities for co-location between these capital programmes was not always possible.

7. Identifying and selecting projects

7.1. Major projects

Local authorities described a range of approaches to identifying major capital projects. A key starting point was the use of Childcare Sufficiency Assessments (CSAs) and Welsh in Education Strategic Plans (WESPs), alongside additional data sources such as live birth data, to help forecast future demand against existing capacity at a local level (e.g. by Lower Super Output Area), helping authorities identify gaps in provision.

As well as identifying need through demand-led planning, authorities also considered the condition or suitability of existing buildings. For example, working with colleagues managing estates to identify sites with buildings approaching the end of their lifespan, or temporary leases which were a threat to ongoing provision. In fact, some authorities said that many of their major grants were directed towards safeguarding existing provision, rather than solely on expanding capacity.

The Capital Programme was also used by local authorities as a way to support the expansion of Flying Start. Authorities described undertaking mapping exercises to identify where additional provision was required and what form it should take, including both new settings and the extension of existing settings, to deliver Flying Start childcare.

In practice, identifying sites to support Flying Start expansion was not undertaken in isolation. Where new provision for 2-year-olds was identified, this was typically considered alongside wider strategic priorities, including the need for co-location or Welsh-medium provision, for example.

As already noted, local authorities also identified opportunities to develop childcare provision as part of wider capital programmes, particularly through co-location on school sites within larger schemes such as Sustainable Communities for Learning to develop standalone childcare provision on school sites (aligning with the co-location agenda).

Projects were also identified through engagement with third-sector stakeholders, particularly Mudiad Meithrin, to identify opportunities to expand Welsh-medium provision. Local authorities described working with these organisations to understand where demand for Welsh-medium childcare existed, as well as to assess the condition or suitability of existing sites that may be in need of investment.

Local authorities noted limited interest from external providers in participating in major capital projects. They suggested that the level of scrutiny and complexity associated with major grants deters providers, particularly where they have already experienced challenges with the small grant process. Additional barriers, such as lease arrangements where providers do not own their premises, were also seen as limiting their ability to engage with larger-scale capital projects.

7.2. Small grants

7.2.1. Variation in how small grants are identified

Interviews with local authorities suggested that there was some variation in how small grants were identified. In most cases, providers would make their own assessment as to whether they could benefit from small grant funding. However, in a few cases, particularly for smaller local authorities, they took a more advisory and collaborative approach.

For example, one local authority said that they know their settings well due to their regular visits, and use a quality improvement tool to assess the environment. They are then able to recommend potential improvements. This authority said they were able to guide settings towards investments that were most likely to benefit children and improve the quality of provision. While another noted that they had conversations with stakeholders, such as Mudiad Meithrin, to understand which settings would benefit from more substantial small grants (e.g. for renovations).

7.2.2. Amending criteria

Many local authorities reported that they had refined their criteria over the 3-year period, particularly in relation to guidance for childminders. As noted earlier, in the early stages of the Programme, some authorities felt that some funding had been used for enhancements that had mostly benefited individual childminders personally rather than supporting their childcare business, such as pergolas or car ports as shade for the children to play outside.

Over time, authorities said they took steps to clarify expectations around claim eligibility, or tightened their criteria. For example, one authority noted that they had received applications from childminders seeking funding for solar panels on their homes. In response, the authority set additional conditions on such items, including a requirement for the applicant to contribute a proportion of the cost themselves. Similarly, another authority had created a separate application form for childminders to reflect their circumstances.

Similarly, there were other items that authorities received claims for (across different providers), that local authorities felt settings should be contributing towards. In these instances, local authorities set contribution limits, for example, where settings would be required to cover 50% of the costs for an item.

Local authorities also reported receiving multiple applications for the same types of items (across providers), such as mud kitchens or water tables. To ensure consistency in funding decisions, some authorities reviewed supplier catalogues, identified items considered more than adequate for providers' needs, and set funding caps based on these examples.

As well as tightening criteria, some local authorities had loosened their criteria in some instances. For example, one authority noted in the first year, any small grant applications over £5,000 required 3 quotes. However, following feedback on the difficulty of this for smaller works closer to £5,000, they amended the criteria to £12,000, particularly in relation to rising costs, as they felt that £5,000 did not stretch as far nowadays.

7.2.3. Equity in the distribution of small grant funding

A few local authorities, as well as some smaller providers, such as childminders, raised concerns about how they felt that larger providers benefit disproportionately from small grant funding. They said that larger providers who have a number of sites were able to submit applications for each site, meaning that a single organisation could receive substantial funding in total (for example, up to £80,000 across 4 sites).

It was their opinion, that many smaller settings were often those most in need of investment. However, we have no data or evidence to corroborate this point. Nevertheless, they raised this point about equity in the distribution of funding, querying whether organisations with multiple sites should be allowed to make multiple claims.

8. Awareness of the Programme

Local authorities were asked in the survey how aware they felt that childcare providers in their area were of the Capital Programme. Perceived awareness of the Programme among providers was broadly good with 10 of the 19 respondents suggesting that that providers in their area were 'very aware' of the Programme, and 9 that providers were 'somewhat aware'. No respondents chose the 'not very aware' or 'not at all aware' answer options.

Local authorities were also asked whether any types of providers were less aware of the Programme. As noted earlier, many reported that providers were generally less aware of major grants, as these are typically led by the local authority, although providers near proposed projects may become aware during consultation. In contrast, authorities reported that providers were very aware of the small grants, with one noting that settings now "ask when the application window opens".

Assessing awareness directly from providers is challenging, as those interviewed had all applied for small grants. However, many described "waiting for the next round of funding to open" and noted that the Programme had become a common talking point within the sector, with providers discussing amongst themselves how beneficial the funding had been to them.

Nevertheless, many local authority respondents noted that childminders were less aware than other providers. Authorities felt that childminders might struggle to find the time to keep up to date with newsletters or similar methods of advertising grants, or have little time to look into and then submit applications. Furthermore, even if they were aware, authorities noted that childminders might find it more difficult to apply for funding, due to issues over whether any funding would enhance their home (as discussed earlier).

"Childminders find it difficult to apply as they can't improve their own home (which we think is rightly so), but this limits what they can apply for and they tend to go for outdoor equipment / garden improvements or replacing of prams / scooter / bikes etc." (Local authority, survey response)

Similarly, one of the childminders interviewed said that they didn't apply for the first year or 2, as they didn't think they were eligible. They assumed it was a grant for full-day care providers. However, upon contact with the local authority on another matter, they mentioned the small grant and helped them understand the application process. The childminder then went on to receive a few small grants.

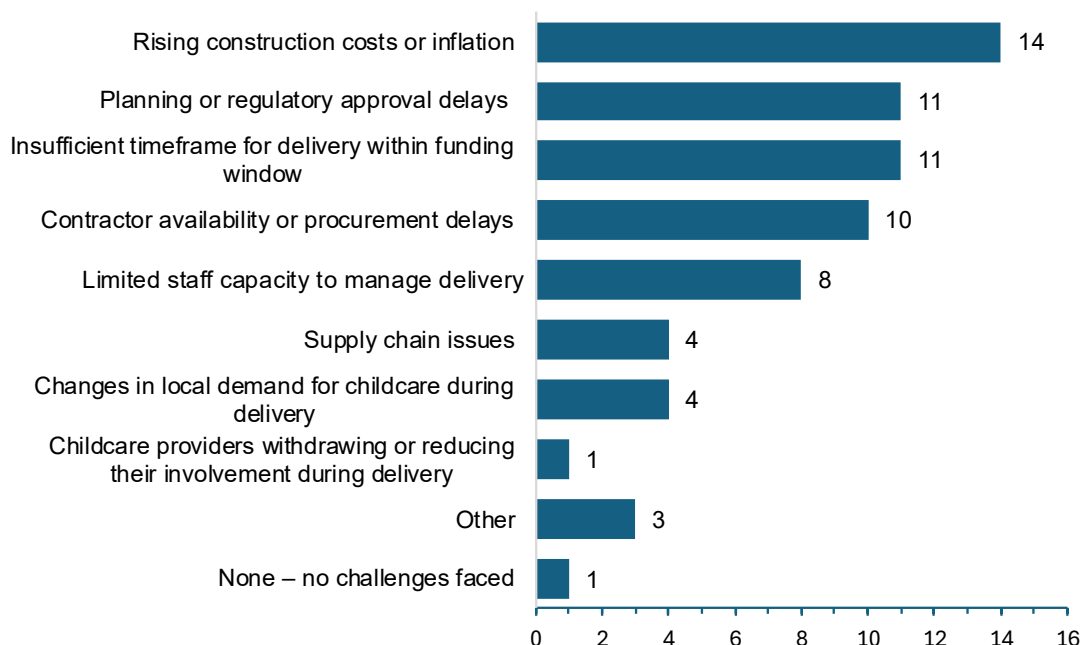
One local authority noted that engagement with childminders in their area had improved, partly due to Flying Start expansion. In these cases, to be a Flying Start provider, they were subject to new or increased visits as part of a Local Service Agreement (LSA), which allowed them to have discussions around the small grants.

9. Delivery of the Programme

9.1. Challenges in delivering major projects

In the survey, local authorities were asked whether they faced any challenges in delivering major projects.

Figure 11: What specific challenges, if any, did your authority face in delivering major projects? (N = 18) October to November 2025



Description of Figure 11: Horizontal bar chart showing that the most commonly reported challenge was ‘rising construction costs or inflation’ (14), followed by ‘planning or regulatory approval delays’ (11) and ‘insufficient timeframe for delivery within the funding window’ (11).

The most common barrier local authorities reported was ‘rising construction costs or inflation’, with 14 of the 18 respondents choosing this response. Local authorities noted that the recent period of high inflation had a knock-on effect on variations, as well as their willingness to take on upfront spend at risk costs.

It is worth noting that the barriers to delivery shown in the chart above align closely with the barrier to developing BJs mentioned in Chapter 5. For example, the effects of high-inflation impacted not only delivery, but local authority’s willingness to take on ‘at-risk’ spend when looking at putting together BJs. Similarly, many of the other barriers listed below align with barriers already mentioned in relation to drafting and submitting BJs.

Eleven respondents selected ‘planning or regulatory approval delays’. Local authorities described how securing planning permission, building regulations approval, and other consents could be time-consuming and, in some cases, throw up unexpected delays.

The same number of respondents (11) also selected ‘insufficient timeframe for delivery within the funding window’. In the interviews, local authorities highlighted challenges associated with delivering large-scale capital projects within a single financial year for the

initial requirements of funding, before this was extended to the 3 year programme period once the rules were relaxed. However, some even felt that even completing projects within the 3 year programme period can prove difficult, especially when the development is part of larger site developments. Delays at earlier stages, such as approval processes or procurement, often reduced the time available for delivery, placing additional pressure on project timelines and, in some cases, requiring projects to be reapplied for in the next funding programme (2025-2028).

Of the other most common responses, 'contractor availability' (10 responses) and 'limited staff capacity to manage delivery' (8 responses) have been mentioned previously, for example, contractors not being ready to start a project after supplying initial quotes, and staff being stretched within local authorities. However, while internal capacity has often centred around ability to submit BJCs, authorities noted that this also extended to their ability to manage various aspects of the build with contractors, for example, or in liaising with colleagues within their authority.

Overall, the challenges faced by authorities can be categorised into 3 key themes:

1. market and cost pressures
 - a. rising construction costs or inflation (14 responses)
 - b. supply chain issues (4 responses)
2. time and process constraints
 - a. planning or regulatory approval delays (11 responses)
 - b. insufficient timeframe within funding window (11 responses)
 - c. contractor availability or procurement delays (10 responses) (overlaps with below also)
3. capacity and capability constraints
 - a. limited staff capacity to manage delivery (8 responses)

In the qualitative interviews, local authorities were keen to stress that these challenges do not happen in isolation. In many cases, one challenge often leads to another as part of a chain of events, particularly where challenges occur at the start of the process. For example, delayed approval of a project or planning delays can extend timelines. In turn, this can expose schemes to inflationary cost increases compared to when the BJC was prepared. Rising costs may then require procurement amendments or variation requests, creating further delay. This cumulative effect not only narrows the delivery windows, but also places additional strain on local authority staff who highlight their limited capacity, which in turn, affects their ability to start any new business cases.

9.1.1. Were any challenges overcome?

In the survey, local authorities were asked how challenges were overcome, and this was also explored in the qualitative interviews. Overall, authorities indicated that challenges were rarely fully resolved, rather, they were managed or mitigated. Responses included extending project timelines, submitting project variations or virements ^[Footnote 1] and reapplying in subsequent funding rounds where it looked unlikely that projects would be completed in time within the funding round (i.e. by March 2025).

Local authorities also noted that earlier expectations to deliver projects within a 12-month period had been too challenging. The introduction of greater flexibility, allowing major capital funding to straddle financial years within a 3-year window, was viewed positively and helped reduce delivery pressures.

In many cases, local authorities said that projects were delayed but ultimately completed with support from the Welsh Government and internal teams. Authorities were often complimentary about the support received from the Welsh Government, highlighting responsive and constructive working relationships, particularly in relation to approving project variations and addressing emerging issues.

Rising construction and inflationary costs were often described as pressures that had to be absorbed rather than solved, as authorities had limited control over these external factors.

9.2. Challenges in delivering small grant projects

There were few challenges reported to delivering small grant projects, as funding was often used for items rather than larger pieces of work. However, as noted earlier, both local authority officials and providers reported that completing more extensive small grant projects, such as alterations or renovations close to the upper limit, can be challenging to complete by the end of a financial year.

“The timescales are a bit short for getting quotes for bigger jobs, such as being able to provide 2 quotes. Tradespeople are busy, but the turnaround needed is short. Then, if you do get the money, getting people to do the work within the timeframe can be difficult, especially in rural areas and in the winter.” (Provider, small grant recipient)

In some instances, providers said that funding windows were opened late in the year by their local authority, exacerbating this problem even further:

“If you are going for bigger things, over £5k, you have to get 3 quotes. But, the local authority are late sending the applications out, they don't come out until around September. In our rural area, we're limited on builders and they're very busy, so you need to book them well in advance and you'll struggle sometimes to get 3 quotes.

¹ Project variations refer to changes to an approved project (e.g. scope, cost, or timelines), while virements refer to the reallocation of funding, for example, between financial years.

You need to add them to your business plan and send them off, and quite often you don't get your answer until, well I had 1 respond in January. Then you have to spend that money, and getting the work done. It's fine if you're buying a piece of equipment or something like that, but otherwise, it doesn't give you much time, to get your bill in, and your monitoring information for in by the end of March... I guess once the financial year finishes in April they'll have some idea if they have grants available for anybody or not, so I don't know why they leave it as late as September." (Provider, small grant recipient)

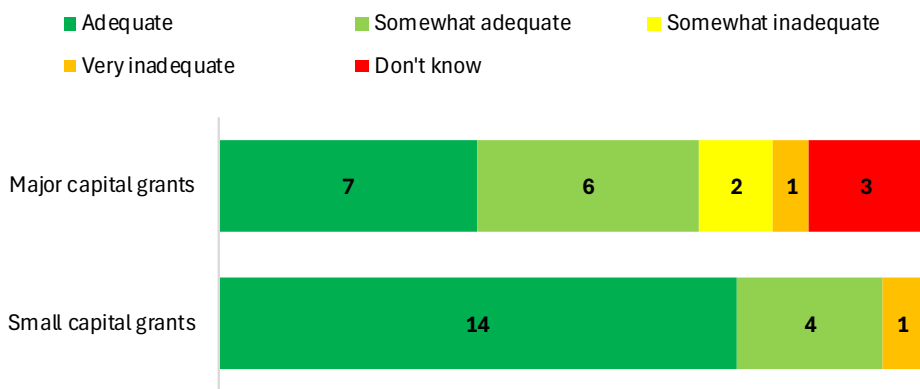
Similarly, another provider noted how their application window opened in October. They applied for funding to go towards a garden shed, a climbing frame and a swing set. However, they noted that they cannot begin the project until funding has been awarded, which becomes far too close to the end of the financial year if an application window has only opened in October.

10. Impact of the Programme

10.1. Adequacy of funding

As part of understanding the perceived impact of the Programme, respondents to the online survey were asked whether the level of funding for each strand was adequate.

Figure 12: In your view, how adequate was the level of capital funding to meet the needs of childcare providers in your area, for major grants and small grants? (N = 19) October to November 2025



Description of Figure 12: Horizontal stacked bar chart, showing that only 1 respondent said that small grant funding was ‘inadequate’ to some extent, compared to 3 respondents who felt that major grant funding was inadequate to some extent.

Further to the chart above, in the qualitative interviews, local authorities described the small grants as providing tangible improvements, with the support having reached many providers. In comparison, while local authorities said major grants can be transformative, they highlighted that this impact was focused on a select few areas within their authority. Similarly, authorities said major projects were affected by inflation (as discussed earlier), which can impact adequacy of funding, while the concern over upfront at risk costs were also cited as reasons for some respondents describing major funding as ‘somewhat adequate’ rather than ‘adequate’.

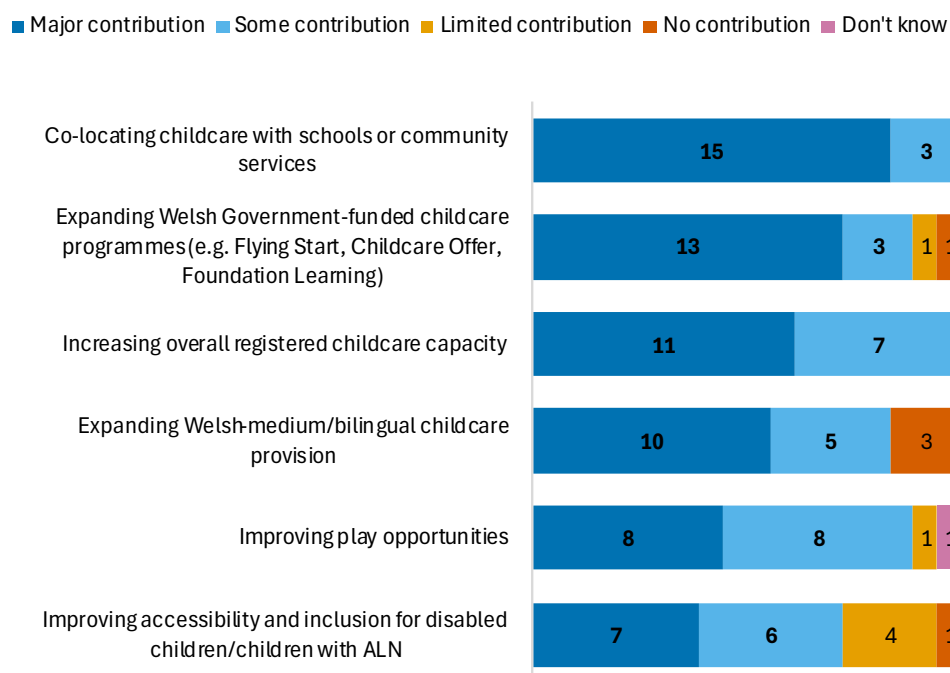
In the qualitative interviews, a few local authorities suggested that the £20,000 cap for small grants may be insufficient to support more substantial improvements. They felt that rising costs have reduced the value of the grant over time, limiting the extent of works that can be undertaken. As a result, they felt there is a gap where providers have projects that sit between minor or medium-scale improvements and larger developments. The authority suggested that increasing the cap (for example, to around £50,000). They also expressed uncertainty about whether projects in the £20,000 to £50,000 range would meet the criteria for major capital funding, as these were perceived to be more suited to larger-scale developments.

10.2. Impact on Welsh Government priority areas

Respondents to the online survey were also asked for their opinions on the impact of each strand of the Programme against Welsh Government priority areas.

10.2.1. Major grants

Figure 13: Thinking about the Programme's major capital projects in your area, to what extent have they contributed to the following priority areas? (N = 18) October to November 2025



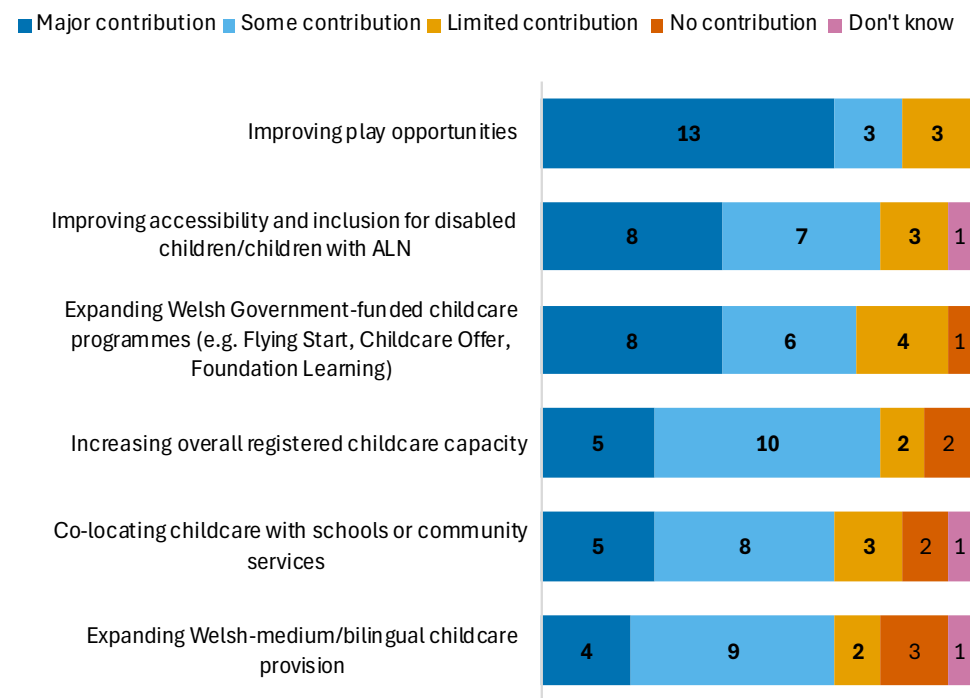
Description of Figure 13: Horizontal stacked bar chart, showing to what extent respondents felt that major projects had contributed to priority areas. 15 respondents felt that the programme had a major contribution on co-location, 13 felt it had a major contribution on expanding Welsh Government-funded childcare programmes, 11 said the same of increasing overall registered capacity, 10 said the same for expanding Welsh-medium or bilingual provision, 8 said the same for improving play opportunities, and 7 said the same for improving accessibility and inclusion for disabled children/children with ALN.

As shown in Figure 13, the majority of respondents felt that major projects in their area had contributed, to some extent, to most of the priority areas listed, perhaps with the exception of improving accessibility and inclusion. The 2 priority areas with the fewest respondents rating them as having made a 'major contribution' were improving play opportunities and improving accessibility and inclusion. Conversely, these same 2 areas had the highest number of respondents stating that they had made a 'major contribution' to small grants (as shown in Figure 14 under the next heading).

These priority areas were supported not only through the development of new sites, but also through changes to existing provision. For example, one local authority described a BJC they were developing at the time of interview which involved relocating a Welsh-medium setting from temporary premises, which was unsecure, to a new facility on a primary school site. This move would not only secure the setting’s future capacity but also support the co-location of childcare with education provision. In addition, the setting was expected to become a Flying Start provider and may transition from delivering funded early education to focusing solely on funded childcare, as early education provision was already available on the school site. Although this project was still at the development stage at the time of interview, it illustrates how major capital investment can influence the structure of local childcare provision, in ways that align with wider policy priorities.

10.2.2. Small grants

Figure 14: Thinking about the Programme's small capital grants in your area, to what extent have they contributed to the following priority areas? (N = 19) October to November 2025



Description of Figure 14: Horizontal stacked bar chart, showing to what extent respondents felt that small grants had contributed to priority areas. 13 respondents felt that the programme had a major contribution on improving play opportunities, 8 felt the same for improving accessibility and inclusion for disabled children/children with ALN, 8 said the same for expanding Welsh Government-funded childcare programmes, 5 said the same for increasing overall registered capacity, 5 chose this response for co-location, and 4 said the same for expanding Welsh-medium or bilingual provision.

As shown in Figure 14, the 2 areas with the highest number of respondents reporting that small grants had made a 'major contribution' were improving play opportunities and improving accessibility and inclusion. These were also the 2 areas with the fewest respondents indicating that major grants had made a 'major contribution' to them.

As discussed in more detail later, small grant recipients described how funding enabled them to enhance play provision, including through the purchase of equipment, installation of outdoor coverings, and adaptations to premises, such as creating dedicated play or craft spaces.

Again, when comparing the 2 funding streams, only 12 respondents reported that major grants had made 'no contribution' or that they are unsure about what impact they had on those areas, compared with 26 respondents who said the same about small grants.

The way in which local authorities described the 2 funding streams is reflected in the priority areas in which they felt they had most impact (noted in the survey). Local authorities described the major capital projects as driving structural change, such as co-location, expanding other Welsh Government funded programmes, and increasing capacity. In contrast, they felt that small grants delivered incremental improvements, such as improving play opportunities and accessibility improvements, but across more settings. Both providers and local authorities were hugely complimentary of the difference that small grants had made to play opportunities at a local level.

"I can't tell you how much we appreciate these grants, they've changed the environment and the learning opportunities for the children. We have a gardening area, water area, we have a stage for the children to perform, mud kitchen."
(Provider, small grant recipient)

However, as noted earlier, some childminders reported that applications for outdoor equipment or shelter were often not approved, limiting their ability to enhance outdoor play opportunities.

10.3. Overall themes on impact

In the survey, local authorities were asked to rate the impact of the Programme. 7 respondents said there had been a 'very high impact', while 11 said it had a 'high impact'. No respondents gave neutral or negative responses, although one stated that they 'don't know'. Overall, local authorities were very supportive of the grant:

"Very welcome. [The] injection of funding to improve venues and facilities... has resulted in end-of-life buildings being replaced with brand new, individually designed play spaces for children." (Local authority)

"This Programme has benefited a large number of childcare providers and children in the county. It has significantly enhanced the quality of childcare provision. This capital investment has been welcomed by providers as it has allowed their existing resources to be utilised to ensure their longer-term sustainability." (Local authority)

“The grants have made a lot of difference, and have moved education and care of children forward, it has been transformative. For example, at [site name], there is new provision on the grounds of a Welsh language school, and it has doubled the existing capacity and the setting is full. Then, at [site name], they have received a capital grant which has enabled them to accept Flying Start children through expanding their provision. Those counties have worked with us from the start to know where the gaps are, where to plug those gaps.” (Provider, small grant and large grant recipient)

Respondents were asked to explain their rating. Below we present the main themes from this open question, as well as wider comments around impact from the interviews with local authority officials and providers.

10.3.1. Major capital funding supported key priority areas

When describing the impact of major grants, respondents often linked this to the Welsh Government’s key priority areas. As mentioned previously, they stated that major capital funding has had, or is expected to have, significant effects in relation to these priorities. Examples included the creation of new sites located close to other key community facilities to support the co-location agenda, as well as the development of new bilingual settings.

Some respondents also described major grants as helping to safeguard provision that had been at risk due to poor-quality or unsuitable premises.

Similarly, while major capital funding may increase capacity within individual settings, and small grants may support improvements within existing provision, authority officials recognised that these gains may be offset by the closure of settings elsewhere in the sector:

“Strategically, we are increasing capacity in the settings we’re developing. For example, if a setting is currently a 24-place scheme, we look at whether we can build it up to 32 to allow expansion. That may not increase overall childcare capacity net, because we’re losing settings elsewhere, but it helps.” (Local authority)

As noted earlier in Chapter 3, the maximum capacity within the sector was around 79,500 in 2019 and fell to around 72,500 by 2025. The potential increase in the number of places (919 places) as a result of major funding from the Programme therefore represents a very low proportion of the total number of places in the sector (1.3%).

10.3.2. Contrasts between small and major funding

Local authority officials frequently commented on the impact of small grants. They described how small grants had a widespread and immediate impact across a range of settings in their area, for example, repairs, refurbishments, outdoor learning areas, or new equipment. They were described as delivering benefits quickly and at scale, across a range of settings.

This contrasted with their views on major grants which, while still highly impactful (particularly in relation to the Welsh Government's priority areas, as noted previously), take longer to demonstrate their effects. In many cases, the full impact of major projects in a local authority's area had not yet been realised, as projects during this funding window may have been delayed, are still ongoing, or only recently completed. On another note, in some areas, only one or indeed no major projects were delivered during the 2022 to 2025 Programme.

10.3.3. Improved facilities might otherwise not have been possible

The funding was particularly valued in the context of wider financial pressures facing the childcare sector. This Capital Programme was seen as providing important support, enabling settings to invest in their facilities, particularly as many settings will have been unable to improve their setting without this income due to wider financial pressures. Similarly, one provider said that without funding, they either would not have expanded to meet demand in their area, or they would have needed to increase fees to cover the costs.

“We wouldn't have been able to expand without the grant, or if we did want to expand, then we would have needed to increase fees to cover it. This way, by receiving funding, we can keep the fees lower, as they are.” (Provider, large and small grant recipient)

10.3.4. The impact extends beyond buildings

Both local authorities and providers were also keen to point out the impact of the funding, generally, on both families and staff. They described improved experiences for children, with purpose-built facilities, refurbished facilities, or new play equipment, or improved facilities specifically for those with additional needs.

“You can see the positive impacts right away. We've had childminders that have been unable to allow their children access to outdoor play. The CIW have felt it is unsafe so we've supported them with small grants to make sure the garden's safe. We've placed shelters on a lot of our childcare facilities which promotes outdoor play. If we see products that are coming in where car seats are out of date... we can replace these.” (Local authority)

They also described the impact on parents, mostly relating to co-location. Authority officials and providers frequently noted the direct benefits for families, highlighting that co-located services make life easier for those with children attending both school and childcare settings. They also emphasised that wraparound care is easier to deliver for providers when facilities are situated near school sites. In another instance, one setting was able to extend their co-located building to create a new space suitable for babies, improving options for parents.

Better working environments for staff were also mentioned, primarily through major grant funding, whereby new settings might be built, which can include staff rooms. However, improvements for staff have also been made through small grants where refurbishments have been completed which provide better working conditions and play opportunities with children.

One provider described having to move premises multiple times over a period of a few years due to temporary leases. Major funding, however, enabled them to relocate to a permanent site, which improved job security and satisfaction among staff and supported staff retention.

“We’ve moved 5 times since I’ve been here. It’s given us stability. We feel like it’s a permanent solution now. We’ve moved from buildings where something had happened to the roof for example, into another temporary site. But we now have our home.” (Provider, large grant recipient)

Participants also noted that major funding had supported the long-term business sustainability of childcare settings. For example, some settings were able to relocate to new premises after previously operating on sites with temporary or fragile leases, where they had been at risk of closure due to buildings not meeting required standards (such as CIW compliance).

10.3.5. Supporting the expansion of Flying Start

Participants often highlighted the role of the Capital Programme in supporting the expansion of Flying Start provision. A key impact of the funding was enabling settings to develop capacity to deliver Flying Start childcare, particularly for 2-year-olds. In some cases, providers would not have been able to offer Flying Start places without capital investment to expand or adapt their premises. As one authority noted:

“Some of these settings wouldn’t have been able to start Flying Start because they didn’t have the capacity... Since having the capital, some of them have applied to be able to start Flying Start. They’ve been successful in doing that.” (Local authority)

This aligns with the SASS data presented in Chapter 3, which shows a substantial increase in Flying Start provision between 2021 and 2024. Over this period, the number of services delivering Flying Start increased from 477 to 828, while the maximum capacity of Flying Start services increased from 13,794 places to 26,899 places. While this increase cannot be attributed solely to the Capital Programme, as it also reflects the wider expansion of Flying Start, it supports perceptions that Flying Start provision expanded during the Programme period.

As noted earlier, authorities described how capital projects were often developed with Flying Start expansion in mind. However, some authorities also said that earlier clarity on the rollout of Flying Start could have enabled more efficient planning. They suggested that initial phases of the Programme were more focused on increasing provision for 3-year-olds

through the Childcare Offer, whereas there was a greater focus on Flying Start in subsequent years due to the expansion of Flying Start.

10.3.6. Reviewing impact

One local authority noted that they had begun to see some impact on CIW inspection grades within their area, particularly in relation to the 'environment' aspect of inspections. However, they noted that as childcare settings are often inspected several years apart, identifying a clear link between the 2 can be challenging.

For future reviews of impact, they suggested that improvements may be identified more quickly in Flying Start settings, where the quality of the environment is monitored more regularly through advisory visits and tools such as the Early Childhood Environment Rating Scale (ECERS).

10.3.7. Are some providers being brought on board?

One representative from a provider, who also worked with other settings in their area as part of an umbrella body, felt that some major projects in their area were being progressed with little buy-in from the providers themselves, or the operators running settings. They felt that new sites had been developed, when they felt the existing site was sufficient.

"We have had a rumour that a new cabin might be coming soon, we've heard the rumour, but the group don't want a cabin, they are happy in the set up they have, we have been there and the set-up seems to work very well. This is the kind of thing we see." (Provider, small grant and large grant recipient)

The same representative also felt there were instances where a major project to move a childcare setting to a school site had been conducted without proper consultation with the operator of the current childcare setting due to be moved. In these instances, this participant felt that the local authority had mostly communicated with the school's headteacher, and that greater discussions should have taken place with the operator to discuss the existing setting, and rationale for moving the site.

Relating to this point, 2 participants reported being aware of a setting in their area that had been relocated to a new site without sufficient communication. While the new purpose-built setting offered improved facilities, the move resulted in a significant increase in rent, reportedly tripling their costs compared to the previous community venue. As a result, the setting was unable to break even and subsequently closed.

"As for [setting name], this new building is fantastic, it has enabled the setting to move forward and expand and offer a place for a lot more children. Unfortunately it doesn't work like that in [other setting name]. We go back to the point where we didn't know about it, and didn't ask the council for the building. Then it's 'right, here you are, this is a new building, you have to move into this building now and surprise,

the rent is 3 times more and there is no more capacity than in the previous building'... The building is currently empty." (Provider, small grant and large grant recipient)

Both of these participants felt that some local authorities need to have greater collaboration with umbrella bodies within their area, to discuss what they both feel the requirements are for their area before proceeding with major capital programmes. Once needs are discussed and assessed, both participants urged the need for greater clarity around potential rent and running costs for any new purpose-built site.

Similarly, they felt that other practical issues they have faced, for example, a lack of toilets within a new setting affecting overall capacity, would have been sorted out had they been consulted from the start. They were, however, very complimentary about how some other local authorities engage with umbrella bodies.

11. Future improvement

Both local authority officials and providers were asked in the qualitative interviews whether they felt there could be any future improvements to the Programme. The main themes emerging from these conversations are shown below. Many of these reflect themes discussed earlier in the report, with relevant sections referenced where appropriate, while others represent new points raised by participants.

11.1. Greater flexibility around timescales for major projects

Local authorities welcomed a change in process to allow major projects to straddle across financial years, rather than having to be completed within a financial year. However, there were even queries as to whether more substantial projects could be completed within a 3-year programme. This reflects earlier findings that insufficient timescales were a key barrier, with 11 survey respondents identifying this as a challenge to delivering major capital projects (section 9.1). Despite the longer timeline, participants noted that a significant proportion of this time can sometimes be lost during the initial stages, including the time between the programme announcement and the release of guidance and application criteria. As a result, the time available for project delivery was effectively reduced. Authorities queried whether the programme could be longer than 3 years, or whether applications for funding can be made on ‘day one’ or similar of the Programme, if there is early awareness raising that the Programme will be rolled forward into another 3-year programme.

“It’s questionable whether the 3-year programme is long enough. By the time the letters and application forms come out, by the time you’ve done that work, to identify suitable grounds, put your bids out, you’ve already lost a year by doing all that work.” (Local authority)

Relating to the above points, a few authorities queried whether the timings for panel reviews could be reconsidered, or whether they could be conducted more often. Some authorities felt there can sometimes be too much of a wait for approval.

As already noted, there were similar concerns from participants around the small grants, relating to complaints that funding windows can sometimes only open later in the year, affecting delivery of larger scale small grant funded project.

11.2. Navigating queries

While recognising the importance of due diligence, a few local authorities felt that queries could at times be “excessive” or “repetitive”, particularly where similar information had already been provided elsewhere in the application. This reflects earlier findings, where when asked about barrier to developing BJCs, 5 survey respondents identified ‘business requirements being too detailed or complex’ and 4 identified ‘insufficient clarity or guidance

from Welsh Government', with local authority officials also discussing repeated or unexpected follow-up queries in the qualitative interviews (section 5.1).

This was seen to create additional administrative burden and, in some cases, contribute to delays in progressing applications. Authorities suggested that greater clarity at the outset, or more streamlined feedback processes, could help reduce duplication and reduce administrative burden.

11.3. Reducing financial risk to local authorities

Some local authorities queried whether the Welsh Government could review the approach to upfront 'at-risk' costs. As noted earlier, a few authorities reported that in certain cases, financial risk had discouraged them from progressing projects they believed would have been viable. This reflects earlier findings, where 6 survey respondents identified 'financial requirements being difficult to meet or evidence' as a barrier, and local authorities further highlighted the risks associated with upfront 'spend at risk' costs during follow-up interviews (section 5.1).

A few local authorities suggested that the Welsh Government might consider adding an additional stage to the process, such as an approval 'in principle', to provide an early indication of whether a BJC would be likely to receive full approval.

11.4. Set template for variations

Some local authorities highlighted challenges in managing variations or extenuating circumstances, including reliance on informal email exchanges, reflecting similar concerns raised earlier in this chapter around navigating queries and administrative burden (section 11.2).

While a standardised template is in place for managing variations or extenuating circumstances, this could reflect a lack of awareness or consistent use of the template. These authorities felt that a more standardised approach would improve consistency and reduce administrative burden – perhaps lacking awareness or recall of the template that is already in place.

11.5. Adapting application for multi-site refurbishment projects

A new point raised by one local authority was that the current BJC format works well for single developments, but less well where funding is sought for multiple smaller works across several Flying Start settings, such as repainting, drainage improvements, or gate replacements, spread across multiple sites.

The authority queried whether an alternative application form could be developed to better accommodate multi-site refurbishment, such as using the main form to support the overall works and totals, supported by an annex outlining the individual works across settings.

11.6. Supporting smaller providers to access funding

Some local authorities highlighted challenges faced by smaller providers, particularly childminders, in accessing funding. They noted that while some larger settings were able to apply for funding year on year, smaller providers were often more constrained by limited capacity and uncertainty around eligibility, particularly in relation to criteria such as 'replacement' of existing items.

In particular, there were calls from both local authorities and childminders themselves for greater clarity around what types of improvements childminders can be supported with, especially where there is a perceived overlap between home improvements and childcare-related improvements (discussed under 5.2, for example, where local authorities discussed challenges in receiving applications for such improvements). Some childminders say that a more tailored approach, including greater dialogue or site visits, could help better understand individual circumstances and ensure funding is directed towards improvements that genuinely enhance childcare provision.

"I think that they need to look at childminders more, and not just bigger settings, on what we need. For outdoor improvements like decking and the fencing, maybe have somebody to come and have a look at it. For example, it wouldn't add a lot of value on my house to add that little bit of decking there and have a fence round it really. If I could show them to let them know what I'm looking for, and the benefit it would provide, then maybe they can see for themselves." (Provider, small grant recipient)

However, instances of flexibility were mentioned. For example, one childminder had, amongst other items across different years, submitted an application for funding towards a new car. They were initially refused but approached their local authority the following year to query whether it was worth reapplying. They explained that they were in a very rural area, and without a car, they would be unable to provide wraparound care or take the children out for leisure and learning opportunities. They also noted that while they could purchase a car, all they could afford at that time would have been to purchase a cheaper, less reliable car, which would pose risks when transporting children. They revised their application to clearly set out the need for the car and the potential impact on their provision. They were subsequently awarded a small grant to help fund the car.

In addition, some participants noted that the 5-year requirement for providers to remain in operation following receipt of funding is a deterrent for some childminders and smaller providers. Even among long-established providers, this condition affected what they applied for, if they applied at all, particularly during a period of financial pressure in the sector.

11.7. Review criteria of replacement items

Following on from the above, a few local authorities and providers felt that some smaller providers may be disproportionately affected by the requirement for small grants to 'replace' existing pieces of equipment, rather than allowing settings to purchase new items they did not previously have. Several authorities questioned whether smaller settings, such as childminders, might benefit more if this criteria were relaxed, and queried whether the Welsh Government could review this.

One childminder described how local 'repair or replace' rules, as well as caps for certain items, prevented them from purchasing items that would benefit them and the children they care for (see case study at section 12.1). For example, they wanted to purchase an 'all terrain' pushchair, to allow them to take their children "out and about". However, their authority's stipulation that funding can only be given to 'repair or replace' items meant they were not able to purchase this item, while also, their authority has a cap on pushchairs around the £200 to £300 mark. They said that many pushchairs, particularly, 'all terrain' pushchairs, cost a lot more than this. They felt this stipulation, as well as the cap, can be unfair on childminders as, due to the fluctuating age of children they care for, they may not have needed such items for years before the need became apparent.

11.8. Sharing best practice and challenges

While only a small point, a final point made by a few local authorities (not yet mentioned in this report) was that there may be value in conducting network meetings or forums to share learning and challenges, particularly in relation to dealing with claims for small grant items, or to understand how other authorities have used the grant funding, particularly alongside other funding streams.

11.9. Support with revenue

Similarly, another point not yet raised in this report, was that some local authorities and providers noted that, while capital funding had supported improvements to facilities and resources, there may now be a growing need for revenue-based support within the sector. They highlighted that many settings have already invested in equipment and infrastructure, but continue to face ongoing financial pressures, including staffing costs and rent.

"I have to say that we sit in these panels as a representative body, and every time we discuss how settings don't need capital grants as such, they need a revenue grant to pay rent, to pay salaries, they have bought all the resources they can imagine by now. If the same kind of funding is available to go towards revenue, it will make all the difference."

12. Case studies

The following case studies draw on interviews with providers to illustrate some of both the positive impacts and stories of the Capital Programme, and some of the stories around the challenges experienced in accessing and using funding.

12.1. Mixed experiences of a childminder

This childminder had some positive experiences of the Capital Programme. They received funding to install a carport, creating a covered outdoor area for children to play in all weather conditions. This enabled better access to outdoor play, supporting the wellbeing of the children in her care.

However, she has also had challenges in accessing funding. She said that ‘repair or replace’ rules stipulated by her local authority had limited her ability to purchase an ‘all terrain’ pushchair, as she didn’t already have this item. Similarly, there was a cap on pushchairs at approximately £200 to £300, while she noted that these pushchairs can cost a lot more than that cap. She also had a claim rejected for waterproof trousers and jackets for the children, with her local authority noting that these items were not within scope of the grant. Her care is heavily focused on outdoor learning, but being unable to have these items limits her ability to take children to play outside.

“The curriculum is very outdoors... I've got an allotment, so we try do go down to the allotment, the beach, farms, and so on. But getting to these and around these with regular pushchairs with a few children can be so difficult.” (Provider, small grant recipient, and unsuccessful with some grants)

She had also wanted to install a downstairs toilet. As a childminder, whenever a child needs the toilet, she has to take them all upstairs (ensuring they are not left unattended), which she feels isn’t practical, particularly when trying to help younger children potty train. She has a downstairs camping toilet and camping sink as a temporary measure, with a curtain for some privacy, in the playroom. However, she said that this is not a long-term solution, and would like to offer older children in her care better privacy and dignity. However, her application for a downstairs toilet was refused, deeming to be more of benefit to her personally, rather than for the purpose of her business.

“I’ve only got an upstairs toilet... if one child needs to go, we all have to go upstairs because you can’t leave them unattended. By the time you get them up there, accidents have happened, they just can’t wait that long. At the moment I’ve got a camping toilet in the playroom with a curtain, which works, but it’s not ideal. And for the older children, they want a bit of dignity and privacy... a downstairs toilet would make a massive difference day-to-day for me and the children.” (Provider, small grant recipient, and unsuccessful with some grants)

Overall, she expressed appreciation for the funding she had received. However, she said that current criteria can limit the programme’s effectiveness to meet the needs of childminders. She suggested that greater flexibility and more consideration of individual

circumstances, rather than what she deemed to be blanket rules, could improve accessibility and impact for smaller providers.

12.2. Major capital funding to support a range of priorities

Prior to receiving major funding, this Welsh-medium setting operated from a small community venue, and had to pack away its equipment each day. The setting also faced increased rent, with this increasing to a level that was no longer sustainable. At the same time, they could only offer restricted opening hours from that venue, meaning the setting could only operate from mid-morning to mid-afternoon. As a result, it was unable to meet the needs of working parents, and many parents who approached them, including specifically for Welsh-medium childcare were forced elsewhere, often to English-medium childcare.

In response to these challenges, the setting worked closely with the local authority to develop a BJC. The local authority, alongside the provider organisation, had identified a clear need for Welsh-medium childcare in the area. The setting contributed evidence to support the application, including data on demand, feedback from parents, including from those who looked elsewhere due to the restricted operating hours.

Following a successful BJC, the setting relocated to a purpose-built facility on the site of a local school. The move enabled expansion of both the capacity and service offer. Opening hours were extended to full-day provision, including breakfast club and after-school clubs. The setting was also able to reduce fees slightly. Since relocating, the setting has also reached full capacity.

The new setting supports several Welsh Government priorities. It has expanded Welsh-medium childcare provision in an area where demand had been higher than supply; it has co-located onto a school site, both of which will help support smoother transitions into the Welsh-medium school. The setting is also in the process of becoming a Flying Start provider, as part of their agreement for the new site, and also delivers the Childcare Offer.

The improved facilities also enhanced the accessibility for children with additional needs, with quiet and sensory areas available. Outdoor play provision has been improved, and the removal of having to pack-away furniture has made play easier and more engaging.

“We follow child-led play. So previously when we were building things, we had to tell them to pack it away. But now we've got little signs up saying, ‘do not touch building in process’, so they can return to their activity the next day. So, for one little boy, his mum is a doctor in the [local hospital]. He was building the hospital that his mum works in. He came to after school club last night and that's still there for him today when he comes in, to carry on building what he wants to.” (Provider, large grant recipient)

The setting also reported wider benefits. It is now located within the heart of its community, including being closer to shops, making activities such as cookery easier to conduct.

Improved facilities, including changing and toilet areas, have made day-to-day operations easier for staff and more comfortable for children. The setting is also now attracting children from other providers who are unable to offer wraparound care.

Feedback from parents has been highly positive, with the new setting described as “amazing”. The provider was highly complementary as to how the local authority worked with them throughout the process, including in the drafting of the BJC. They noted that their local authority contact was “always on the end of the phone” if needed.

This case study demonstrates how capital investment can transform settings, enabling them to improve quality, better meet local demand, and support a wide range of government priorities.

12.3. Improving play opportunities through small grants

This playgroup is a charity and has been operating for a number of years with limited finances. Prior to receiving small grant capital funding, the setting had furniture and equipment that was described as “old and worn”. As a charity, they relied heavily on fundraising to make improvements, and in recent years, were unable to significantly improve and update the environment for the children.

The introduction of the Capital Programme was described as a “lifeline” by the provider, enabling them to make improvements that would otherwise not have been possible. Funding allowed the setting to invest in high-quality equipment and resources, improving both the overall physical environment, but also the play equipment available to children. Staff noted that the transformation was significant, with the setting now largely unrecognisable compared to how it looked before receiving capital funding.

The setting took a phased approach to improvement, identifying what aspects of their environment they could improve, on a one-by-one basis. Firstly, they focused on furniture, then they followed their initial successful application to apply for funding towards play equipment, and then later, focused on their outdoor area. They had an outdoor area, however, there was little play equipment and it was also simply a concrete yard. The outdoor space is now a well-equipped play area, featuring fencing, storage, and a range of play and learning equipment such as a mud kitchen, water wall, growing area, and role-play spaces.

The process for identifying priorities was informed by ECERS (Early Childhood Environment Rating Scale) assessments, alongside feedback from the committee involved in running the charity, to identify gaps in provision and areas for development.

While the initial application process was described as complex, particularly the requirement to obtain multiple quotes when the setting was applying for funding for numerous items, the provider felt that the process was subsequently streamlined by their local authority, following the initial year of the funding.

The impact of the funding has been substantial. The setting said that there have been significant improvements to play opportunities for children, with their children benefiting from a more stimulating environment. The improvements have also supported inclusivity. The setting has children with ALN and has purchased accessible high chairs, and more broadly tries to select equipment that is designed to be usable and inclusive for all children.

The funding has also contributed to increased demand for the setting. Since receiving the funding, the playgroup has reached full capacity and has attracted children from a wider catchment area than previously. This was described as an unexpected but positive outcome.

The setting also highlighted positive impacts on staff. Staff reported increased motivation and pride in their work, supported by having access to a high-quality environment, while parents have also been impressed with the setting.

The provider said that, without capital funding, the setting felt it would have struggled to meet regulatory expectations from CIW, particularly given the difficult financial period the sector has recently been through.

This case study demonstrates how even small capital grants can have a transformative impact, particularly for enhancing play opportunities and accessibility.

12.4. Expanding capacity through major funding

Prior to receiving major funding, the nursery was only registered to accept children aged 12 months and above. The local authority identified the need for greater provision in the area, and contacted the nursery. The nursery shared their frustrations, that they were losing potential enrolments from families who required childcare before their child reached their first birthday.

The local authority led the application. Funding was used to develop a purpose-built extension for a baby unit. Although the process took close to 3 years due to design changes and rising costs, communication between the setting and local authority was described as strong throughout. The new facility has increased the overall capacity generally, from 28 to 42 spaces, but crucially, the setting can now accommodate children under the age of 12 months.

The setting is now able to accommodate younger children and they have also increased the number of Flying Start places available as a result of the funding. It has also enabled greater continuity for families, allowing siblings to attend the same setting from an earlier age.

In addition to expanding capacity, the funding has improved the quality of provision. Firstly, the works overall have improved the play environment for children through newer facilities. Secondly, the setting now has a dedicated staff room, which has had a positive impact on staff wellbeing, allowing them an area to take proper breaks when needed.

Alongside the major grant, the setting successfully applied for small grants to support targeted improvements. These included the addition of a storage area and a new sink. The application process for small grants was described as straightforward for the nursery.

Funding has enabled this setting to expand provision, including expanding capacity to help meet the expansion of Flying Start. The setting said that it is now better able to meet the needs of the local families who need to return to work before their child turns one.

13. Conclusion

Overall, the Childcare and Early Years Capital Programme 2022 to 2025 has widely been regarded by local authorities and providers as a successful and impactful intervention. The funding was especially appreciated during a time of financial difficulty, when conducting capital works through existing revenues would have been very difficult, or would not have been possible at all for many.

Both local authorities and providers expressed strong support overall for the Programme, highlighting the positive difference it has made to the quality of provision, the condition of settings, and the experience for children. The Programme has also clearly supported key Welsh Government priorities, including the expansion of Flying Start, Welsh-medium provision, and co-location.

A key strength of the Programme appears to be how the major and small grant complemented each other. Major grants supported strategic, longer-term developments, including new builds, co-location on school sites, and expansion of provision on existing sites. In contrast, small grants enabled more immediate, widespread improvements across a larger number of settings, particularly in relation to play environments, outdoor provision, and inclusion and accessibility.

However, while the Programme has supported expansion of some settings or the creation of new settings, this has been offset by closures elsewhere within the childcare and play sector. In addition, the full impact of many of the major projects have not yet been fully realised, to allow for a deeper understanding of the impact of major funding.

The Programme was generally seen as accessible. Application processes were generally described as manageable, and success was high across both funding streams. However, issues with accessibility were raised, particularly in relation to consistency. There was variation with how local authorities responded to small grants, with there being some reported inconsistencies in the items being funded, or the amounts being funded for particular items, which caused some frustration amongst providers. Many of the challenges focused on childminders, particularly their ability to claim for funding to improve their setting (i.e. where applications for funding were deemed to benefit them personally, as well as their business).

Again, while there was an overall positive perception of the Programme, challenges were faced with regards to delivery. For major grants, these included tensions relating to timescales and upfront 'at risk' costs. For small grants, challenges included perceived rigidity of criteria, such as 'repair or replace' criteria, perceived inconsistencies in decision making between local authorities, as well as financial risks associated with grant conditions, particularly at a time when providers described even their short-term futures as being precarious due to the financial pressures the sector faced, and still faces. There were also queries relating to equity, with larger organisations able to receive funding across the different settings they manage.

In conclusion, the Capital Programme provided a vital investment to the childcare sector, delivering valuable improvements, both in terms of Welsh Government and local authority priorities, but also the priorities of individual settings, particularly through the small grants. However, the areas for future consideration outlined below provide information for how future capital grant programmes for the childcare and early years sector could be strengthened.

13.1. Areas for future consideration

Based on feedback from local authorities and providers, the following areas for future consideration have been identified in relation to future capital grant programmes for the childcare and early years sector. Welsh Government may wish to consider:

- the feasibility of extending the length of any programme beyond 3 years, or enabling earlier application processes, to maximise the time available for project delivery
- providing greater clarity at the outset of the application process with regards to expectations for business cases, to reduce duplication and administrative burden for local authorities via 'unexpected' queries
- reviewing the approach to upfront 'at-risk' costs, including the potential introduction of a 'approval in principle' stage to provide greater certainty for local authorities before incurring significant costs
- how awareness of templates for managing variations can be improved to ensure a more standardised approach across local authorities
- adapting application processes to better accommodate multi-site refurbishment projects, for example through the use of a main application supported by supplementary application forms or annexes for individual sites
- how future programmes can better support smaller providers, particularly childminders, including providing clearer guidance on eligible expenditure
- reviewing criteria for small grants, such as 'repair or replace' requirements and item caps, to ensure they reflect the needs of providers, particularly new or smaller providers, who may be in more need of equipment
- facilitating opportunities for local authorities to share best practice and challenges, for example through network meetings or forums
- the potential role of revenue funding alongside capital investment, recognising ongoing financial pressures within the sector.

In relation to our own recommendations, it is important to note that conducting the desk-based research on capacity changes proved challenging. As outlined in that chapter (3), the projected number of places resulting from funding may have been updated over time through supplementary documents; final place numbers may not always be accurate, and in some cases, details within the BJCs were unclear.

In addition to the improvement areas suggested by participants, we believe it would be beneficial for officers within Welsh Government, for example, teams across Knowledge and Analytical Services and the Capital Grants Team, to discuss the feasibility of developing a more consistent monitoring and evaluation system. Such a system would ensure that this information is captured accurately and systematically, enabling a clearer understanding of the impact that future funding rounds may have. This would likely include much of the data already contained in the BJCs, but could also contain, for example, a CIW registration number, so that capacity changes can be tracked before and after receiving funding.