

# Unlocking Early Years Potential

18 September 2025



## A Guide to the School-Based Nursery Capital Grant Phase 2

As school leaders across England gear up for the next wave of childcare expansion, the Department for Education (DfE) is set to open applications for Phase 2 of the School-Based Nursery (SBN) Capital Grant on Monday, 22 September 2025. With up to £150,000 available per school to create or expand on-site nurseries, this initiative represents a golden opportunity to boost local childcare provision, support disadvantaged families, and enhance early years education. Building on the momentum from Phase 1, which saw 300 schools awarded a total of £37 million to deliver over 4,000 new places, Phase 2 aims to further address gaps in high-quality, affordable early years care.

In this article, we'll delve into the details of the grant, share real-world insights from Phase 1 successes, highlight lessons learned, and provide practical guidance to help your school plan and apply effectively. Whether you're considering a new nursery or expanding an existing one, this resource is designed to equip you with the knowledge to make informed decisions and maximize your chances of success.

### Understanding the SBN Capital Grant: What It Offers and Why It Matters

The SBN Capital Grant is part of the UK government's broader commitment to expanding childcare, including the rollout of 15 hours of free childcare for working parents of 2-year-olds (already in effect) and upcoming 30-hour entitlements for children from 9 months old. Administered by the DfE, the program focuses on state-funded primary schools and, for the first time in Phase

2, maintained nursery schools in England. The total pot for this phase is £45 million, emphasizing sustainable, inclusive provision aligned with the Early Years Foundation Stage (EYFS) framework.

### **Key Benefits for Schools and Communities**

- **Increased Capacity:** Projects must deliver a net increase of at least five new places, helping to meet local demand and reduce waiting lists.
- **Support for Vulnerable Groups:** Priority is given to areas with high deprivation, children with Special Educational Needs and Disabilities (SEND), and those with English as an additional language (EAL).
- **Long-Term Impact:** On-site nurseries can improve transitions to reception, boost attendance, and strengthen school sustainability by attracting families early.
- **Flexibility:** Nurseries can offer term-time or year-round sessions, with options for 15- or 30-hour funded places, tailored to community needs.

By investing in school-based nurseries, leaders can not only enhance educational outcomes but also foster stronger community ties—something Phase 1 participants have already demonstrated.

### **Eligibility and Application Essentials**

To qualify, your school must be a state-funded primary-phase institution (including academies, free schools, and others) offering early education like reception classes, or a maintained nursery school seeking expansion. Special schools and Pupil Referral Units are excluded in this phase. Crucially, Phase 1 recipients are ineligible for Phase 2 but can apply in future rounds.

### **What You'll Need**

- **Approvals:** Secure written permission from landowners (e.g., local authorities or academy trusts) and complete the Local Authority Approval Form from your Planning, Place and Provision (PPP) team and Early Years (EY) lead.
- **Project Feasibility:** Ensure the initiative is deliverable within £150,000 (including non-recoverable VAT), with new places operational by September 2027. Schools can supplement with other funds if needed.
- **Evidence of Need:** Demonstrate local childcare gaps using data from

sources like Ofsted reports and childcare sufficiency assessments.

Applications run until 5:00 PM on Thursday, 11 December 2025, via the DfE's online portal. Prepare offline using the template form, which covers project overview, local need, educational approach, and management. Upload supporting documents like cost breakdowns and consents. For those not ready, register interest during the window for Phase 3 updates.

Assessment is rigorous: an eligibility check, scoring (out of 100, weighted toward disadvantage and value for money), and qualitative review. High-scoring projects in the £45 million pot get funded, with notifications in early 2026.

### **Insights from Phase 1: Success Stories and Real-World Examples**

Phase 1, launched as a "test and learn" pilot, awarded grants to 300 schools, creating over 4,000 additional places and highlighting the program's potential to transform early years provision. Here are standout examples that illustrate what's possible:

#### **Governor-Led Models: St John's CE Primary School (Lancashire) and Yohden Primary School (County Durham)**

These schools repurposed surplus spaces to launch new nurseries. St John's created 30 flexible places for 3- and 4-year-olds, starting September 2025, while Yohden added 23 full- and half-day spots for 2- to 4-year-olds, including new facilities like child-sized toilets and outdoor areas. Both adopted governor-led governance for oversight.

**Outcomes:** Strong community interest via surveys and open days, with expected boosts to reception intake and support for vulnerable families.

#### **School-Led Expansion: Scargill Infant School (Essex)**

Scargill doubled its capacity to 48 places for 2- to 4-year-olds, aligning sessions with the school day for sibling convenience and hiring qualified staff like a nursery manager.

**Outcomes:** Oversubscribed for September 2025, reduced waiting lists, and improved reception transitions, leading to better attendance and EYFS outcomes.

Other successful applicants include Busill Jones Primary School (Walsall) and Calveley Primary Academy (Cheshire), part of a diverse list spanning England. Organizations like Place Group assisted multiple schools in securing funds, underscoring the value of external expertise.

### **Lessons Learned: Challenges and Best Practices**

While Phase 1 celebrated successes, it also revealed hurdles. Schools underestimated setup time and costs, faced marketing challenges for non-existent nurseries, and navigated differences between nursery and school operations. Broader concerns emerged around potential displacement of private, voluntary, and independent (PVI) nurseries, with some at risk of closure due to competition—prompting updated DfE guidance to prioritize net new places and local impact assessments.

Commentary from Early Education praised schools’ inclusivity for SEND children but noted less expertise for under-2s and the need for partnerships with PVIs to offer extended hours. The National Day Nurseries Association (NDNA) highlighted workforce pressures in PVIs and advocated for collaborative models, with one in ten new school nurseries already partnering locally.

<b>Lesson</b>	<b>Insight from Phase 1</b>	<b>Actionable Tip</b>
<b>Planning and Budgeting</b>	Underestimated costs and timelines led to stress.	Secure quotes early, budget for “hidden” expenses like asbestos removal, and treat it like launching a business.
<b>Community Engagement</b>	Marketing a future nursery was tough but effective via social media.	Run surveys, open days, and leverage local networks to gauge demand and build excitement.
<b>Governance and Staffing</b>	Strong teams and governor involvement were key.	Recruit EYFS-experienced staff and keep governors informed for robust oversight.
<b>Partnerships</b>	Avoiding displacement requires collaboration.	Consult PVIs and local authorities; explore joint models for year-round care.

<b>Sustainability</b>	Focus on quality for long-term viability.	Align with EYFS, prioritize disadvantaged areas, and use data for strong applications.
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## **Engaging Suppliers and Partners: Delivering Your Project with Expertise**

A key element of successful Phase 1 projects was partnering with reliable suppliers who understand the unique requirements of school-based nurseries. These specialists can handle everything from site preparation and building works to installing child-friendly fittings, outdoor enhancements, and essential equipment. Many such suppliers are well-informed about the grant process, including eligible costs and timelines, making them valuable allies in ensuring your project is deliverable and compliant.

At The School Network, we have established connections with a range of trusted companies specializing in educational capital projects. These partners are eager to support schools through the SBN process and can provide tailored advice, quotes, and implementation services. We're happy to make introductions to help you connect with the right suppliers for your needs—simply reach out to our team for personalized recommendations.

## **Practical Guidance: Planning and Preparing Your Application**

To position your school for success, start now:

1. **Assess Local Need:** Use Ofsted data, childcare sufficiency reports, and community surveys to evidence gaps.
2. **Build Your Team:** Involve governors, EY leads, and potentially external consultants for bids.
3. **Scope the Project:** Focus on eligible capital works like space reconfiguration, outdoor enhancements, and fittings—avoid revenue items.
4. **Engage Suppliers Early:** Contact specialists to get accurate quotes and insights, ensuring your budget and timeline are realistic.
5. **Mitigate Risks:** Address potential challenges like planning consents and staffing ratios in your application.
6. **Seek Support:** Attend DfE webinars, consult local authorities, and network with Phase 1 schools for advice. Don't forget to leverage The School Network's introductions to suppliers.

Remember, the scoring favors value for money (cost per place) and disadvantage metrics like Free School Meals rates—tailor your proposal accordingly.

## **FAQ: Your Key Questions Answered**

### **Q: What data should we use to prove local childcare need?**

A: Use your local authority's childcare sufficiency assessment for supply/demand data by postcode, Ofsted's childcare register for existing provision, and Free School Meals (FSM) or Income Deprivation Affecting Children Index (IDACI) data from GOV.UK to highlight disadvantage. Parent surveys or waiting lists from local providers add valuable context.

### **Q: How do we find and work with suppliers for our project?**

A: Contact The School Network for introductions to trusted suppliers experienced in SBN projects. Ask them for examples of past nursery builds, detailed quotes for eligible works (e.g., child-sized facilities, outdoor areas), and timelines to meet the September 2027 deadline. Verify their familiarity with grant requirements and request school references.

### **Q: Will a nursery strain our existing staff or operations?**

A: Phase 1 schools like Scargill hired dedicated nursery staff (e.g., a nursery manager) to avoid overburdening teams. Plan for EYFS-qualified staff and clear governance to separate operations. Align nursery hours with the school day for efficiency, but budget for additional staff if offering year-round care, as revenue costs aren't covered.

### **Q: How can we avoid harming local private nurseries?**

A: Engage PVIs early to understand their capacity and explore partnerships, like shared extended-hour provision. Your Local Authority Approval Form must show no displacement of existing providers. Use data to prove unmet demand (e.g., for 2-year-olds or SEND children) and highlight collaborative models, as used by one in ten Phase 1 schools.

### **Q: What if project costs exceed £150,000?**

A: You can supplement with school budgets or other grants, but the DfE covers only £150,000, including non-recoverable VAT. Voluntary Aided schools may get full funding in exceptional cases (normally 10% self-funded). Work with suppliers to finalize quotes, including "hidden" costs like asbestos removal, using the DfE's cost template.

**Q: What happens if our application is unsuccessful?**

A: Unsuccessful applicants can register interest during the Phase 2 window for Phase 3 updates (expected 2026). Strengthen future bids with better data, clearer costings, or stronger local authority support. Preparation now (e.g., supplier quotes, surveys) will streamline later applications.

**Q: How much time will preparing an application take?**

A: Expect 20-30 hours for data collection, stakeholder consultations, and drafting the form (max 3,700 words). Involve governors and EY leads to share the workload, use the DfE's template, and engage suppliers for accurate costings. Start early to meet the 11 December 2025 deadline and attend DfE webinars for support.

**Seize the Second Chance: Next Steps for School Leaders**

With applications opening imminently, this is your moment to expand early years provision and make a lasting impact. Phase 1 proved the grant's transformative power, from creating inclusive spaces to fostering community resilience. By learning from pioneers like St John's, Yohden, and Scargill, heeding calls for collaboration, and partnering with informed suppliers, your school can contribute to a more equitable childcare landscape.

Refer to the DfE's official guidance for detailed forms and alerts, and submit by 11 December 2025. For technical queries, contact the DfE early. Let's build brighter futures—one nursery at a time.