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Planning

Expanding Quality Early Education and Childcare Fund Manager and Investor - Preliminary Market Engagement (PME) Notice

Department for Education

UK2: Preliminary market engagement notice - Procurement Act 2023 - [view information about notice types](#)

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Scope

Description

Please note:

This PME does not signify the commencement of any procurement process and does not constitute any commitment by the Department for Education (DfE). If the DfE decides to commence any procurement process subject to the Procurement Act 2023 as contemplated by this notice, a separate notice(s) will be published at the relevant time. This Notice has also been advertised on Find a Grant.

Key definitions

Throughout this notice, we use the terms not-for-profit, and for-purpose providers as defined below:

Not-for-profit provider: An organisation that delivers childcare and early education services without distributing profits to owners or shareholders. Any surplus is reinvested to improve provision, staff, or community benefit.

For-purpose provider: A mission-driven organisation – such as a social enterprise, charity, or Community Interest Company (CIC) – that may operate on a private business model but prioritises social impact. Profits are reinvested to achieve its educational or community-focused goals rather than maximise shareholder returns.

The Purpose

In partnership with Access – The Foundation for Social Investment, the Impact Investing Institute, and the Impact Economy Collective, the DfE is holding Preliminary Market Engagement events. The aim is to refine our requirements and gain a deeper understanding of the capacity and capability of potential partners to operate as Fund Managers for the DfE's Blended Finance Facility, enabling the expansion of Early Years provision for disadvantaged children aged 0-5. We would also like to speak with potential Fund Managers and Investors who have specific expertise in creating and/or investing in a Blended Finance Facility, to inform our understanding of how this vehicle could work.

In recent years, we have seen a decline in the number of not-for-profit providers, especially in the most deprived areas. In order to increase places in deprived areas and as part of this government's commitment to public sector reform, we want to work with these providers – including charities and social enterprises – and alongside philanthropy and social investors to explore new ways for them to access the funding they need to expand, and to encourage new entrants into the market, for example through social investment funds.

The purpose of creating a Blended Finance Facility is to help address key challenges in the sector through three mechanisms: risk mitigation, effective deployment of capital, and a demonstration effect to deliver Policy aims.

Building on this vision, the idea is for the Fund Manager to develop a Blended Finance Facility that creates a funding mechanism providing sustained support to for-purpose providers. This will enable them to deliver our transformation goal by multiplying the impact of public spending, drawing in additional resources, managing risk, and strengthening local delivery infrastructure for the long term.

Through this engagement, we aim to refine our approach and collaborate with the market to design a high-impact solution that delivers meaningful and lasting change.

Background

The government has set an ambitious mission to "Break Down Barriers to Opportunity,"

with a transformative goal of 75% of five-year-olds reaching a good level of development by 2028. However, England faces persistent gaps in early education and childcare provision that disproportionately affect disadvantaged communities and children with more complex needs, which could undermine this historic opportunity.

Currently, the most deprived areas have around 32% fewer childcare places per child. These disparities mean the children who stand to benefit most from early education and childcare are least able to access it.

Two of the key challenges are:

1. Geographic disparities – Parents in deprived areas are likely to rely more on government-funded entitlements where eligible, with less ability to pay additional fees.
2. Limited access to appropriate finance – One fundamental challenge is that lenders find it difficult to assess risk when 50-80% of provider revenue comes from government-funded entitlements that are only confirmed annually. Some providers have reported that when accessing finance, the cost and structure often make expansion unviable. We believe that opening or expanding into deprived areas may require lower interest rates and longer repayment periods than typically available to manage cash flow and achieve sustainable returns.

Contract dates (estimated)

- 1 June 2026 to 31 May 2029
- 3 years

Main procurement category

Services

CPV classifications

- 66100000 - Banking and investment services
- 66120000 - Investment banking services and related services

- 79412000 - Financial management consultancy services
- 85322000 - Community action programme
- 98000000 - Other community, social and personal services

Contract locations

- UKC - North East (England)
- UKD - North West (England)
- UKF - East Midlands (England)
- UKG - West Midlands (England)
- UKH - East of England
- UKJ - South East (England)
- UKK - South West (England)
- UKI - London
- UKE - Yorkshire and the Humber

Engagement

Engagement deadline

12 January 2026

Engagement process description

How to engage

The events will be held in partnership with Access – The Foundation for Social Investment, the Impact Investing Institute, and the Impact Economy Collective, who are supporting the Department for Education on this project.

We plan to hold an in-person Roundtable event on 4th December 2025 from 14.30 – 16.00 for Fund Managers and a Webinar with supporting a Questionnaire on the 14th January 2026 at 14.00 – 15.00.

The Roundtable will be held in Central London; location details will be provided for in meeting invitations sent out separately once you register your interest.

There are several ways to participate in this opportunity and register your organisation's interest in attending the webinar:

1. If you are already registered on Jaggaer, please link through to project_10076 or ssq_xxx.
2. Please ensure full names, job titles and email addresses are provided via Jaggaer's messaging portal, for those who wish to attend. Please make sure to state which event you would like to attend.
3. We aim to ensure all relevant organisations have the opportunity to participate and have contacted organisations we are currently aware of, who are not registered on Jaggaer. If your organisation has not received an invitation, please email COMMERCIAL.ALTERNATIVEFINANCING@education.gov.uk, stating your organisation name, full names of attendees, job titles and email addresses of each attendee.
4. If you are not registered on Jaggaer and would like to set up an account for this engagement session, please view the "current opportunities" page at Jaggaer <https://education.app.jaggaer.com> and search for: project_10076 or ssq_XXX." This is not necessary for this engagement but please note that all future communications with DfE in respect of additional market engagement will be held via Jaggaer.

Once you have located project_10076 / ssq_XXX., please confirm your interest by selecting "Intend to Respond" and "Submit" to receive full access to the opportunity. All relevant documentation will be made available in the Data Room.

Please ensure you submit your request to attend the Roundtable event no later than 20th November 2025 at 17.00. Entry for the Webinar will close on the 12th January at 16.00.

Participation

Particular suitability

- Small and medium-sized enterprises (SME)
- Voluntary, community and social enterprises (VCSE)

Contracting authority

Department for Education

- Public Procurement Organisation Number: PDZG-3487-DPVD

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