

Title: Child Poverty Reduction Unit - Childcare Grant Pilot
Portfolio: Home of Real Opportunity
Responsible Director: Charlotte Carpenter, Director of Skills, Inclusion and Public Service Reform
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Report Summary

The purpose of this report is to seek approval from the Chief Executive to utilise £190,000 of the previously approved £350,000 funding allocation to expand the Mayor's Childcare Fund pilot to cover Northumberland.

Recommendations

The Chief Executive is recommended to authorise the award of grant funding of £190,000 to Northumberland County Council to extend the pilot of the Mayor's Childcare Fund into Northumberland as set out in this report.

Executive Summary

The North East Combined Authority (North East CA) recognises that the cost of childcare remains a significant barrier for parents and carers seeking to enter or progress in employment, education, or training. While recent national reforms have extended eligibility for funded early years education and childcare, gaps in provision persist—particularly at the point where families take initial steps into work or training and face substantial up-front childcare costs that are not fully met through existing entitlements.

In response to this challenge, the Child Poverty Reduction Unit (CPRU) has developed and implemented a local Mayor's Childcare Grant pilot, which began delivery in Durham in May 2025.

In May 2025 £490,000 was approved to establish the Child Poverty Reduction Unit and progress priority workstreams, with £350,000 allocated to pilot the Mayor's Childcare Fund in County Durham. The initial allocation of £350,000 has been revised to £160,000, thereby enabling the strategic reallocation of £190,000 to Northumberland in support of programme delivery.

A. Context

1. Background

In September 2024, the North East Mayor and Cabinet approved the establishment of the Child Poverty Reduction Unit (CPRU), including an initial budget allocation of up to £500,000. This decision delivered a core Mayoral manifesto commitment and represented an important early step—taken within the first four months of the Mayoral term—towards developing a strategic, long-term and collaborative approach to reducing child poverty across the region.

A key early priority for the CPRU, to be delivered through this investment, was the development of a programme to support parents—particularly women—with childcare costs, enabling them to access and sustain employment, education, or training. This reflects the well evidenced role that childcare affordability plays in driving parental employment and household income.

In line with the approved business case, the CPRU has designed and mobilised a local Mayor's Childcare Grant pilot, which commenced in Durham in May 2025. £490,000 was approved to establish the Child Poverty Reduction Unit and progress priority workstreams, with £350,000 allocated to pilot the Mayor's Childcare Fund in County Durham. The pilot represents an innovative intervention aimed at reducing financial barriers

to work and training, while complementing and adding value to the existing national childcare funding offer rather than duplicating it.

In order to respond to our early findings from this pilot and to test and learn from different approaches in different localities, a project change request has been approved to extend the reach of the pilot under the original budget as outlined in the 5 May delegated decision, by reducing the funding allocation to Durham County Council via a grant funding variation and re-allocate this funding to Northumberland County Council. The initial allocation to Durham of £350,000 has therefore been revised to £160,000. The proposed reallocation has been developed with the full agreement and endorsement of Durham County Council.

This report seeks approval to extend the pilot to Northumberland, with delivery led by Northumberland County Council. The proposed contract term will run from February to September 2026. A total allocation of £190,000 will be made available to Northumberland County Council to support a minimum of 30 families in accordance with their delivery plan. Each eligible child will be able to access funded childcare for the full duration of the pilot.

The grant will cover childcare costs of up to £261.53 per week per participating family, to a maximum total value of £6,800. Eligible costs may include additional childcare related expenses such as meals and nappies. Payments will be made directly by Northumberland County Council to registered childcare providers, ensuring simplicity for families and robust financial governance.

Northumberland's large geography and dispersed neighbourhoods mean access to childcare provision is unevenly distributed, with particular pressures in rural and semi-rural communities. Levels of child poverty are particularly high in south east Northumberland where 20 lower-layer super output areas fall within the 10% most deprived areas in England. Northumberland County Council has a strong network of partners to draw upon to help identify eligible families. They will work in close partnership with Citizen's Advice Northumberland, family hubs, Job Centre Plus, schools, community groups and other stakeholders.

The childcare grant pilot is intended to generate learning and evidence to inform the development of future, longer-term regional approaches to childcare and early education, supporting inclusive growth and sustained reductions in child poverty across the North East.

B. Impact on North East Combined Authority Objectives

1. The Child Poverty Reduction Programme, developed and overseen by the North East Child Poverty Reduction Unit (CPRU), directly contributes to the delivery of the North East CA's Home of Real Opportunity mission. It aligns with, and supports implementation of, the Local Growth Plan and the New Deal for North East Workers, by addressing structural barriers to employment, supporting household income progression, and enabling more inclusive economic participation across the region.
2. The Mayor's manifesto commits to reducing child poverty in the North East through a long-term, structural approach, including the development of targeted interventions such as a Mayoral childcare grant. The Mayor's Childcare Grant pilot delivers on this commitment by providing practical, time limited support to families during critical transition points into work, education, or training. The pilot is designed to complement and strengthen existing and planned regional and national childcare provision, reduce both the incidence and depth of child poverty, and contribute positively to the strategic ambitions of the Mayor and Cabinet.

C. Key risks

1. Effective activity in this area requires a robust understanding of existing childcare provision, including local authority responsibilities, Department for Work and Pensions (DWP) arrangements, and the specific barriers currently experienced by residents. Initial childcare sufficiency assessments undertaken by Northumberland County Council indicate variable capacity across the county, with a mix of fixed and flexible childcare places available. Sufficiency will be actively monitored throughout delivery of the programme through a dedicated task and finish group, ensuring that an up-to-date and

evidence-based understanding of provision is maintained and informs ongoing implementation.to date and evidence based understanding of provision is maintained and informs ongoing implementation.

2. In the absence of this investment, parents and carers are likely to continue to face significant childcare related barriers to entering employment, increasing working hours, or participating in education and training. This would limit household income progression and exacerbate child poverty. Such outcomes would directly undermine the North East CA's vision of the region as a place where every baby, child and young person is supported to thrive and achieve their potential, regardless of background or place of residence, by removing barriers to entering employment, increasing working hours, or participating in education and training. This would limit household income progression and exacerbate child poverty. Such outcomes would directly undermine the North East CA's vision of the region as a place where

D. Corporate Implications

D1. Financial and other resources implications

The proposed grant will be funded within the existing CPRU budget of £490,000. The financial profile is included below:

Heading	2025/26	2026/27	Total
CPRU	£140,000		£140,000
Durham childcare grant	£106,000	£54,000	£160,000
Northumberland childcare grant	£66,000	£124,000	£190,000
Total	£312,000	178,000	£490,000

The initial funding allocation to Durham County Council has been reduced from £350,000 to £160,000 to enable an investment of £190,000 in Northumberland.

D2. Legal implications

The comments of the Monitoring Officer have been included in this report.

D3. Equalities implications

1. The North East CA follows the Public Sector Equality duty, and this report has due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010.
2. The Child Poverty Reduction Programme will have specific positive impacts for groups experiencing protected characteristics, under the terms of the Equality Act 2010. Child poverty is a characteristic of socio-economic disadvantage and is highly correlated with single parent status, for example. Given the relationship between child poverty and in-work poverty, the Child Poverty Reduction Programme would specifically deliver the aims of the 2010 Equality Act: to advance equality of opportunity for all, especially for residents across the North East experiencing low pay/socio-economic disadvantage.

D4. Consultation and engagement

1. The regional child poverty action plan has been developed in partnership with a broad range of cross-sector organisations and services across the region, parents, carers and young people – and we

commit to continuing to work closely with organisations, parents, carers and young people, to shape the implementation and evolution of this plan throughout the next five years. The proposed reallocation has been developed with the full agreement and endorsement of Durham County Council.

E. Appendices

None

F. Background papers

[17 September Cabinet Decision Notice](#)
[North East Child Poverty Action Plan](#)
[5 May delegated decision](#)

G. Contact officers

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H. Glossary

North East CA – North East Combined Authority
CPRU – Child Poverty Reduction Unit
CPAP – Child Poverty Action Plan
EIA – Equalities Impact Assessment
VCSE – Voluntary, Community and Social Enterprise