

REGULATORY AND OTHER COMMITTEE REPORT

NAME OF COMMITTEE:	Lincolnshire Schools Forum
DATE OF MEETING:	8 October 2014
SUBJECT:	Early Years Pupil Premium and funding for two year olds
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IS THE REPORT EXEMPT?	No
IS REPORT CONFIDENTIAL?	No

SUMMARY

The purpose of this report is to advise the Schools Forum of a recent announcement by the government regarding the introduction of the Early Years Pupil Premium (EYPP) and changes to the funding for two year olds.

DISCUSSION

On the 25th June 2014, the DfE launched a consultation on the introduction of the EYPP for three and four year olds. Details can be found at:

<https://www.gov.uk/government/consultations/early-years-pupil-premium-and-funding-for-2-year-olds>

The consultation closed on 22nd August 2014.

The consultation contained two key proposals:

1. Three and four year olds are currently entitled to 15 hours of free early education. This applies for 38 weeks of the year (570 hours in total). The Pupil Premium funding is currently only paid for school-age children who are eligible for Free School Meals (low income families and "looked after children"). The DfE proposed the introduction of a new EYPP for three and four year olds,

with £300 a year paid for every eligible child who takes up the full 570 hours of free education entitlement.

2. From September 2013, 20% of the least advantaged two year olds were entitled to free early education. This figure increased to 40% in September 2014. These children include those whose families are on a low income, who have special educational needs, disabilities or who have been adopted from care. Currently Local Authorities (LA) are funded according to the number of *eligible* 2 year olds, but from 2015-16 this funding will be distributed according to *actual* number of hours funded. The DfE wish to incentivise a high take-up of provision.

The key points to note are:

1. The EYPP is intended to build on the model of the school age Pupil Premium. The aim of the EYPP is to close the gap between children from disadvantaged backgrounds and their peers by providing funding to early years providers to help them raise the quality of their provision.
2. In order to be eligible for the EYPP the child must be:
 - a. Either 3 or 4 years old (and not currently in the reception year at school); and
 - b. Receiving the full 15 hours a week of free early education entitlement; and
 - c. Are from a low income family OR "looked after"¹These are the same groups that receive the school-age Pupil Premium.
3. Eligible four year olds in the reception class at school will receive the school-age Pupil Premium only.
4. The EYPP will compliment government-funded early education entitlement by providing nurseries, schools, and other providers with up to an additional £300 a year for each eligible child.
5. LAs are currently required to have a deprivation supplement as part of the Early Years single funding formula. The DfE do not propose to change this requirement.
6. The EYPP will be introduced in April 2015.
7. It will pay early years providers an additional £300 per year for each eligible child that takes up the full 570 hours with them. This equates to an hourly rate of 53p per child.
8. LAs will be required to pass on the full national rate to providers. They will not be able to hold any of it back.
9. The DfE will not impose restrictions on how providers spend the EYPP. However, Ofsted will hold providers to account for how they have used the EYPP to support their disadvantaged children through the regular inspection process.
10. The system has been designed so that the money follows the child and that providers are guaranteed a nationally-set amount of money for each disadvantaged child.
11. The EYPP will be paid to all local authorities through the Dedicated Schools Grant.
12. The DfE does not have child level data on the number of eligible children in each LA. So, for 2015-16, it will make initial allocations to LAs based on an estimate of the number of disadvantaged three and four-year-olds in each area who meet the eligibility for the premium.
13. The DfE wants a simple way of checking eligibility that does not create additional burdens for parents or providers. The existing Eligibility Checking Service already provides a means to do this. It is used by LAs and schools to check children's eligibility for the funded early education entitlement for two-year-olds, and for free school meals for school age children. Providers will

¹ Looked after by the local authority for at least one day, have been adopted from care, have left care through special guardianship or subject to a child arrangement order.

need to ask parents to identify whether they believe they are eligible, and to give the provider their National Insurance Number and the parent's date of birth. This will then be confirmed with the Eligibility Checking Service. Where it is found that the child is eligible the LA will be required to pay the full EYPP to the provider.

14. Take-up rates may vary across the country, and some LAs may have more or fewer eligible children than anticipated. For that reason, in 2015-16, the DfE will collect information about take up numbers from LAs mid-year. In October 2015, it will ask all LAs to provide data on how many children are receiving the EYPP and it will use this to adjust allocations to reflect actual numbers. This is intended to ensure that all LAs have the money they need to pay providers the EYPP.
15. It will not be necessary to make estimated allocations with an in-year adjustment in future years. The DfE intends to collect data about whether a child receives the EYPP in the Early Years and Schools censuses from January 2016.
16. All registered early years providers that take children for the funded early education entitlement – including school nurseries and maintained nursery schools; private, voluntary and independent providers; and childminders – will therefore be eligible to claim the EYPP for their disadvantaged three and four-year-olds.
17. The EYPP will be paid as an hourly rate, in addition to the rate for the funded entitlement.
18. Where a child takes up the entitlement at more than one provider, the providers will receive the EYPP proportionate to the number of hours.
19. The DfE will not impose conditions on providers about how the EYPP is spent. However, they must use the funding to improve the quality of early years education for their disadvantaged children. The DfE expects providers to consult the evidence on what works in improving quality when making decisions about how to use their EYPP funding. The DfE wishes to encourage providers to use their EYPP funding to pay for reconfiguring their nursery to be teacher led and employing a teacher because evidence suggests that teacher-led early education leads to the best outcomes. The DfE stated that the most highly graded providers employ a graduate *and* have a high proportion of staff qualified to level 3.
20. The DfE wishes providers to use their EYPP funding to purchase services from teaching schools alliances, whose excellence is already proven by their Ofsted rating.
21. School nurseries, maintained nursery schools, private, voluntary and independent providers and child-minders deemed to be “requiring improvement” are also eligible for the EYPP although the LA has powers to attach additional conditions to the funding. As the Government wants disadvantaged three and four year olds to benefit from high quality early education, the EYPP will not be payable for children in providers which have been deemed as “inadequate”. LAs will be expected to remove funding for the entitlement, including the EYPP, from a provider rated ‘inadequate’ as soon as is practicable.
22. LAs will be responsible for ensuring that funding is passed to providers in respect of early education for individual eligible three and four-year-olds, and that this money is not claimed fraudulently.
23. The Government has committed £50m in 2015-16 to fund this.
24. The indicative allocation for Lincolnshire is £0.472m (this is based on 1,561 eligible children).
25. The government aims to move funding of the free entitlement for two-year-olds onto a stable, long-term footing, by introducing participation-based funding. This will mirror the way that the three and four-year-old entitlements are funded. This means that LAs will be funded according to the actual numbers of eligible two-year-olds taking up a place.

The LA will ensure that the new arrangements are implemented.

RECOMMENDATIONS

The Schools Forum is asked to note the report.

BACKGROUND PAPERS

The following reports were relied upon in the writing of this report.

PAPER TYPE	TITLE	DATE	ACCESSIBILITY
DfE consultation	Early Years Pupil Premium for two year olds	25 th June 2014	https://www.gov.uk/government/consultations/early-years-pupil-premium-and-funding-for-2-year-olds

APPENDICES

None