

## **Family and Childcare Trust response to the *Early years pupil premium and funding for two-year-olds* consultation**

### **About the Family and Childcare Trust**

The Family and Childcare Trust works to make the UK a better place for families. Our vision is of a society where government, business and communities do all they can to support every family to thrive. Through our research, campaigning and practical support we work to create a more family friendly UK.

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### **General comments**

The Family and Childcare Trust is concerned that the proposed amount of the Early Years Pupil Premium (EYPP), £300, is not sufficient to impact on outcomes for children. There are a number of ways an early years pupil premium could in principle be used, such as:

- as an incentive for high quality providers to seek out children they would not usually admit;
- as a subsidy that allows providers to extend or increase the flexibility of their schedules, making high quality settings accessible to a wider range of parents; or
- as a means of investment in interventions targeted at improving outcomes for disadvantaged children.

Our feedback from providers is that, whilst there are useful ways they can use this funding, £300 is not sufficient to influence admission and the children that they proactively 'recruit' to a setting. As the Department for Education highlighted in its consultation document, evidence shows that teacher-led care is one of the most effective ways to achieve the greatest impact on children's outcomes. It is also not clear how this amount will support providers to bridge the gap between a salary for a non-graduate and a graduate professional taking into account the typical salary differential and the average occupancy of settings. Based on the most recent (2010) *Childcare and early years survey of providers*, the average graduate salary is around £10,000 higher than the average early years salary, whilst the average number of places per setting is between 30 and 50. To bridge this gap, more than 30 children would need to be eligible for the EYPP, or more than 100% of children in some settings.

Of course in many cases the salary gap will not be this large due to different local salary levels, local authority subsidies and the support available through teaching bursaries (though this latter funding is typically short term). However, even if the gap were much lower, it is not clear how the government envisages the EYPP to significantly impact on the proportion of teachers in settings. These same challenges will apply to providers who use the EYPP to purchase training, services and equipment. In isolation, the EYPP is simply not sufficient to create meaningful additional choices for providers that in term significantly improve child outcomes.

Whilst the EYPP is, of course, welcome investment, we would urge the government to reconsider the level of investment. The amount of the EYPP should match in proportion the

school Pupil Premium and be of a level at which it can be clearly shown how the premium can be used at a setting level to influence outcomes for children.

### **Responses to consultation questions**

*1 Do you agree that children from low income families; children in care; or children adopted from care should be eligible for the EYPP?*

Agree.

We agree with the inclusion of the groups in the proposed eligibility criteria for the EYPP but do not agree that these criteria are sufficiently broad. We do not think it makes sense to create a dislocated system of early years funding, with children who are eligible for the two year old offer not subsequently eligible for the EYPP. Whilst we applaud the government's decision to invest in targeted support for disadvantaged children in the early years, we are concerned that the decision to transplant the Pupil Premium from the school system will result in a relatively arbitrary system.

In particular, we have highlighted in a separate joint submission with disabled children's charities the case for extending the eligibility criteria to children with SEND. Setting criteria based solely on economic disadvantage does not make sense in the early years, where children from low to middle income households with SEND (and even many in households with relatively high incomes) are subject to a manifest disadvantage in accessing affordable childcare that meets their needs. If the object of the EYPP is to close the gap between the lowest performing children and the rest, SEND must be taken into account in the eligibility criteria.

*2 Do you agree that providers should ask parents for their National Insurance Number and date of birth, so that local authorities should check eligibility for the EYPP using the Eligibility Checking Service?*

Agree.

*3 Do you agree that if transitional arrangements are necessary for a short time then a paper-check system is the best way of determining eligibility?*

Not sure.

We are concerned about the impact of a paper based checking service on local authority early years teams. The government has in recent years increased pressure on local authorities to invest early years funding directly in service provision. In tandem with falling local authority budgets, this has led to significant cuts in early years teams and reduced capacity for central administration and management. If a period of paper-based checking is necessary, the government should consider ways to support local authorities manage any additional burdens.

*4 Do you support an October 2015 census count in order to make an in year adjustment to EYPP allocations?*

Agree.

*5 Do you agree that providers should determine how to use the Early Years Pupil Premium to support their disadvantaged children?*

Not sure.

We agree that providers will usually be best placed but are concerned that many providers may not have the capacity to ensure that the EYPP is used effectively. Many providers rely on support from local authorities to support their disadvantaged children and those with special education needs and disabilities. We recently heard during the independent Parliamentary inquiry into childcare for disabled children that many providers feel under-supported to provide high quality care to children with additional needs. Whilst these providers want to provide effective care and support for such children, their expertise and management capacity is understandably less than that of a school. We believe it is important that the Department recognises the significant differences between early years settings and schools and ensures appropriate support for providers is in place.

The Department should explore mechanisms to balance flexibility for providers with a guarantee that they will participate in support arrangements that ensure the EYPP is used effectively. The 2012 childcare provider finances survey published by the Department showed that many providers have a pressing need for investment in a number of areas. There seems to be a risk that providers will spend the EYPP on an investment priority that is not targeted directly at disadvantaged children, as proved to be the case for many schools in the initial roll out of the Pupil Premium.

*6 Do you think that in the longer term there should be a more explicit expectation that providers receiving the EYPP should be a part of proven quality improvement arrangements?*

We believe that all providers should be able to demonstrate participation in quality improvement arrangements. As the Department will be aware, Ofsted already takes account of each provider's quality improvement arrangements in its inspection judgement. However, Ofsted's standards are necessarily flexible bearing in mind the reality that many providers do not have access to a quality improvement network and that chain providers often participate in internal QI arrangements.

Participation in a quality improvement network has been shown to be associated with higher quality, particularly for smaller single site providers and childminders. Regardless of the EYPP, the Family and Childcare Trust believes participation in a quality improvement network should in the long term be the norm for all providers. Any requirement to participate in QI arrangements must be supported by arrangements to ensure such networks are available to all providers.

We suggest that the Department explore how local authorities can provide quality support specifically in relation to the two year-old offer, the EYPP and disadvantaged children. Given the inexperience of many providers in interventions designed to improve outcomes for disadvantaged children, we are concerned that the Department's proposed approach is not ambitious enough.

One particular challenge local authorities can support providers to overcome is the coordination of pooling arrangements if groups of local providers wish to purchase services collectively. There may be instances where local authorities can play a direct role, for

example through acting as a broker or hiring specialist staff that can be deployed across settings. Our experience is that many local providers are competitors who have limited scope to work co-operatively. This has, for example, been a barrier to participation in, and take up of, mentoring arrangements. If local authorities or quality networks are not proactive in ensuring opportunities to pool resources are pursued, it may be unlikely providers will pursue such opportunities themselves.

*7 Do you agree that we should retain a mandatory deprivation supplement, in addition to the EYPP?*

Strongly agree.

Given the small size of the proposed EYPP in comparison to the overall level of investment in the early education offer, it is vital that the EYPP does not become conflated with a deprivation supplement. The deprivation supplement remains vital in ensuring funding is allocated fairly and effectively to the benefit of disadvantaged children.

As outlined above, we would urge the government to reconsider the funding allocated to the EYPP and ensure that the amount is a meaningful sum and equivalent to the school Pupil Premium. The early years should not have a second class pupil premium that may ultimately have little impact for the children it is designed to help.

In the longer term, the 'branding' of different funding elements should not stand in the way of a funding system that best serves the interests of children and families. The free early education offer is not funded at a sufficient level to deliver high quality graduate-led care to all children. Investment should be prioritised to target additional investment first of all at the most disadvantaged children, since it is outcomes for these children that high quality early education has the most potential to positively influence.

*8 Do you agree that DfE should ask Ofsted to consider these arrangements in its inspection framework?*

Strongly agree.

As noted, we believe the Department should consider creating a clear expectation of participation in quality support arrangements and linking this to the EYPP element of the inspection.

We are concerned that Ofsted may find it difficult to create a meaningful approach to inspection for the EYPP because the sum involved is so small. It is not clear how Ofsted will distinguish between effective use of the EYPP and effective use of early education funding in general (nor whether it should). We do not believe it would be satisfactory for a tick box approach to be used, for example where a provider merely needs to demonstrate that they have systems in place for recoding how the EYPP is used. The inspection framework should incorporate requirements that will ensure providers are held to account for using the EYPP effectively. This might include being able to demonstrate how the needs of individual children were assessed; what evidence was used to support spending of the EYPP; and what arrangements are in place to monitor the settings effectiveness in supporting children eligible for the EYPP.

*9 What data and evidence do you think providers could use to demonstrate the impact of the EYPP?*

Children eligible for the EYPP should have received a two year old progress check. Providers can therefore use the report of this check and their admissions arrangements for three year olds to understand at an early stage each child's needs track progress to age four. It is likely that it will be helpful for the Department to disseminate good practice for this pathway specifically for the EYPP.

We fully support the Department's proposal to explore how children's progress can be individually monitored from the early years to school so that evidence of the impact of the EYPP as well as other interventions can be effectively monitored and understood.

*10 Do you have any suggestions of other ways to judge whether the EYPP is having the desired impact?*

We are concerned that the Department's proposals may not allow for a robust evaluation of the impact of the EYPP in the near future. This will make it much harder to identify effective uses of the EYPP than was the case for the school Pupil Premium. In addition to urgently making arrangements to collect child level data, the Department should consider how it can gather basic robust data on how the EYPP is spent. We do not agree that it will be sufficient to seek out good practice examples and monitor national trends since this approach carries a significant risk that assumptions rather than evidence will guide future interventions targeted at disadvantaged children in early years settings. Arrangements should be put in place to ensure that rigorous analysis of the EYPP through child and setting level data is possible.

*11 Do you have comments on the long-term aspiration of improving data collection so that we can track children through their educational career?*

As noted we fully support the Department's intention to improve data collection. We note that Ofsted has set out the case for data collection in the early years in its recent *Early Years Annual Report 2012/13* and recommended that (page 30):

- There should be a direct read across from the forthcoming integrated two-year-old check to the new baseline assessment so that it is obvious at the age of two if a child is or is not on track to be ready for school.
- The data from both the integrated two-year-old check and the baseline assessment should include information about any early education or childcare provider or providers the child has attended in the two years prior to the assessment. At a bare minimum, this information should be recorded where the child has benefited from a publicly funded place.

These recommendations form the sensible basis for a future approach to data collection. It would make sense to include a record of whether a child has received the EYPP in the data collected.

*12 Do you agree with these proposals for supporting providers and disseminating good practice?*

We do not agree that merely making available good practice materials will be sufficient to support providers. There is currently a gap between the government's ambition to use interventions in the early years to close the achievement gap, and the reality of delivery. This is evident in the two-year-old offer where too many children are taking up places in low quality provision and in settings that are not able to deliver care and interventions designed to improve outcomes. The evidence is clear that merely participating in early education is not enough of itself to significantly affect children's outcomes. Not only the quality of care but the programme of support for children and their parents matters a great deal.

The EYPP can help to address this problem by incentivising and supporting providers to deliver services tailored to disadvantaged children. Local authorities are best-placed to provide support and advice and the government should support them to do so.

Whilst we are aware of the Department's recent view that local authority early years support for 'good' or better providers can represent 'red tape' or inefficient targeting of resources, we believe there is an important role for local authorities in supporting providers that can be fulfilled without intervening in an over-bearing manner. Given the investment in the two year old offer and the EYPP, it is proportionate to make an investment in support for providers to ensure that these interventions are effective. As it stands, too little evidence-based support is available to make the most of these interventions.

*13 Are there particular examples of good practice in supporting disadvantaged children that early years providers should be aware of?*

The two formal evaluations of the two-year-old offer pilots are applicable to the EYPP (research reports DCSF-RR134 and DFE- RR225). In particular, in addition to high quality early education, high quality care for the purposes of improving outcomes for disadvantaged children must include additional services as part of a 'two-generation programme'. These services are generally focused on improving parenting capacity, family functioning and SEN support. The Family and Childcare Trust has extensive experience of parenting interventions having administered (as the Family and Parenting Institute) the parenting fund for ten years and would be glad to engage further with the Department on effective interventions.

*14 How can we best disseminate good practice to all early years providers working with disadvantaged children?*

As noted, the Family and Childcare Trust does not agree that dissemination of good practice alone is a sufficient goal for supporting the EYPP. We would encourage the Department to pursue a programme aligned with the two-year-old offer to not only disseminate information but bring providers together to hear about, share and discuss good practice. This could be achieved through a national and regional programme similar to that delivered to support the roll out of the two-year-old offer.

As noted above, we agree there is a good case for the EYPP to be conditional on participation in a quality improvement network. This would provide the most effective route to reach and engage with providers who may require the most support to make the most of the EYPP.

*15 Do you support the proposal to have two data collections to allocate funding for early learning for two-year-olds in 2015 to 2016?*



Agree.