

**Supporting the Local Government Association (LGA)
to consider how effectively the Early Years Pupil
Premium (EYPP) was being accessed and used.**

May 2020

hempsall's

Celebrating 20 years of supporting equality,
social mobility and best practice in children's services

Contents

	Page
1 Introduction and executive summary	3
1.1 Key aims	3
1.2 Methodology summary	4
1.3 Background	4
2 Key findings	6
3 Recommendations	9
4 Summary reports	11

Appendix one: Online survey analysis

Appendix two: Interviews with local authority representatives

1 Introduction and executive summary

The Local Government Association (LGA) commissioned Hempsall's to consider how effectively the Early Years Pupil Premium (EYPP) was being accessed and used. The research was undertaken in February and March 2020.

The research found a general level of satisfaction on the part of local authorities regarding EYPP. We found some local and recent improvements to how it was being managed to increase take-up. That said, there was a number of ideas and improvements local authorities would like to be considered. There was a need for accurate and up-to-date estimates of eligible children to support the resourcing and measurement of take-up. With available resources, local authorities said they could offer enhanced awareness and take-up support, so more children were reached and benefitted from EYPP. It was felt more could be done by local authorities to better enable providers to encourage and motivate parents to consent to the funding. The research found useful examples of reviewed and improved systems and IT to improve the pace, efficiency, effectiveness and payment of the funding. There was a large range of regional take-up against original eligibility estimates, the reasons for this disparity should be researched further. The level of effectiveness monitoring was generally low as local authorities (LAs) defer to the judgements of Ofsted inspections. This was considered to be a key opportunity for improvement and LAs offered suggestions as to how their role could be enhanced to link EYPP better to school readiness and closing the attainment gap.

1.1 Key aims

The research project was aimed at answering a small number of research questions:

- Comparing the number of eligible children (where this is known) with the number receiving EYPP.
- Feedback from LAs on reach and how take-up may be improved.
- Whether and how LAs were monitoring the impact of EYPP and how this influenced planning for interventions.
- Whether available data within LAs indicated a narrowing of the attainment gap.

1.2 Methodology summary

The project was based on related activities:

- An online questionnaire survey sent to all English local authorities.
- Semi-structured telephone interviews with local authority representatives.
- Desk research to establish indicative estimates for eligibility and take-up.

1.3 Background

The Early Years Pupil Premium (EYPP) was introduced in April 2015. It followed the successful national roll-out of the 15 hours early education entitlement for least advantaged two-year-olds. EYPP offers additional funding (on top of the universal early years entitlement funding) for least advantaged three-and four-year-olds (including Looked After Children and families in receipt of certain benefits). It is targeted at narrowing the attainment gap between disadvantaged children and their more affluent peers, in support of Ofsted's findings:

“In 2015 around half of all disadvantaged children had achieved a good level of development and secure the essential skills needed to make a successful start at school in Year 1 compared with two thirds of all children” (Ofsted 2015).¹

It was designed to be a natural follow on from the two-year-old entitlement, as many children who received this entitlement would be eligible for EYPP.

The onus is placed upon early years and childcare providers to identify eligible children for EYPP. Providers should ask parents using their services if they qualify with the eligibility criteria and obtain parental consent so the provider can check eligibility with the local authority. Virtual school heads have oversight for children in the care of the local authority.

¹ Ofsted (2016) 'Unknown children – destined for disadvantage?'
<https://www.gov.uk/government/publications/helping-disadvantaged-young-children-ofsted-thematic-report>
Accessed 14/04/20

Since the introduction of EYPP (2015), there has been a number of significant changes to the early years landscape. Such changes include the introduction of the early years national funding formula (EYNFF), the introduction of the extended entitlement for eligible three- and four-year-olds (30 hours childcare), new patterns of use of the early years and childcare entitlements (children sometimes accessing more than one provider), and changing LA capacity and resources.

The Department for Education (DfE) allocated EYPP funding to local authorities for 2015-2016, using Free School Meal (FSM) eligibility as a proxy estimate of eligibility for EYPP. From January 2016, data about children receiving EYPP was collected in the Early Years and Schools Census and this data was used to make funding allocations for subsequent years. The national funding rate for EYPP is 53p per hour per eligible pupil up to a maximum of 570 hours a year (equating to £302.10 per year).

DfE did not impose any conditions on providers on how EYPP was spent. DfE was clear it must be used to improve the quality of early years education for disadvantaged (least advantaged) children and were accountable through Ofsted inspection. Under the Common Inspection Framework, introduced in September 2015, Ofsted became the sole arbiter of whether EYPP funding has been spent in an impactful manner, including how settings monitored impact and used data to identify gaps and put developments in place to ensure accelerated progress continued².

² Early Education. EYPP references in Ofsted's Common Inspection Framework <https://www.early-education.org.uk/eypp-references-ofsteds-common-inspection-framework> Accessed 14/04/20

Table 1: Estimated number of EYPP eligible children (initial allocations) by region

Government region	Initial allocation based on an estimate of:	Number of 3- and 4-year olds recorded in receipt of EYPP January 2019	Percentage of children in receipt of EYPP January 2019 compared to the initial estimate of eligibility
North East	9,860	7,615	77.23%
North West	24,612	16,444	66.81%
Yorkshire & the Humber	17,970	13,437	74.77%
East Midlands	12,744	7,950	62.38%
West Midlands	20,224	12,613	62.37%
East of England	14,259	10,071	70.63%
London	34,779	12,111	34.82%
Inner London	17,068	5,497	32.21%
Outer London	17,711	6,614	37.34%
South East	18,441	11,134	60.38%
South West	11,731	7,804	66.52%
England total	164,620	99,179	60.25%

Source: provision for children under 5 2019, DfE; Early years pupil premium allocations for 2015 to 2016, DfE

2 Key findings

A total of 86 local authorities completed a questionnaire, representing 57% of all English upper tier LAs. Telephone interviews were held with 29 different local authorities.

Comparing the number of eligible children with the number receiving EYPP.

2.1 Local authorities were not found to have robust estimates of eligibility and were unable to track how successfully eligible children were being reached.

2.2 49% of survey respondents had an estimate for the number of children in their local area eligible for EYPP. However, the majority of these estimates (68%) were based upon

historic take-up, headcount data and DSG funding allocations rather than any estimates derived from an analysis of the population.

2.3 99,179 children received EYPP in January 2019 across England. This equated to 60.25% of the initial estimate of eligibility to support EYPP allocations at the start of the funding in 2015-2016. This percentage ranged across regions (and local authorities). North East had the highest percentage of children (77.23%). London had the lowest (34.82%).

Feedback from LAs on reach and how take-up may be improved.

2.4 Overall, 62% of survey respondents thought EYPP was an effective funding mechanism. Some suggested improvements were identified as shown below.

2.5 Over a third (37%) of LAs responding to the online survey had experienced increased take-up of EYPP recently. Increased take-up was most commonly attributed to targeted work to raise awareness and engagement of providers. Changes to systems and processes were also considered to be beneficial.

2.6 Distribution of EYPP remained largely on a provider-led model, as per the original programme design. This model was commonly thought to work satisfactorily, in terms of the number of children benefitting from EYPP (nearly 100,000 in January 2019), but there were reported issues.

2.7 Parents were thought to be perhaps reluctant to provide information or the consent required to check eligibility. The main eligibility criteria are income-based. This was considered to act as a barrier to initial discussions between parents and their chosen childcare provider.

2.8 Despite the 53p per hour funding for eligible children being widely understood by providers where they had low numbers of eligible children, they may feel the administrative resource (required to check eligibility and the additional Ofsted inspection element) offsets the amount of funding that could ultimately be received.

2.9 Some local authorities had recently, or were planning to, introduce IT solutions where the funding system would automatically check for eligibility and inform the childcare setting. Providers were reported to be able to access information through LA provider portals so they could identify and support eligible children. In other areas, LAs had adopted a universal approach using parent declaration forms that collected information from all families and have embedded consent to check for eligibility. This was reported to have

increased efficiency and reduced some of the administrative and discourse pressure from providers.

2.10 The timing of when local authorities completed their eligibility checks had a reported impact, on both take-up and providers ability to support children. Batch checking EYPP eligibility (where a local authority may check every few weeks or a few times each term) meant childcare settings could experience delay in establishing which children were eligible. Where local authorities have 'real-time' eligibility checking (on-line with an instant response) and settings are paid monthly, providers were aware of which children were eligible straight away and when, and how much, funding will be paid to support cash flow forecasting and planning interventions for children. This is vitally important for settings managing their finances.

2.11 The timing of local authority payments also had a reported impact. Where providers were paid termly, they may have to wait until the end of the funding block to receive all the EYPP funding for that term. It was reported this meant they could not plan interventions immediately. Whilst few in number, some LAs had linked EYPP to other funding (e.g. deprivation supplement) to incentivise providers to apply. Timely payments are again vitally important for settings in managing their finances.

2.12 Local authorities felt that allocation of funding to them could be reconsidered. Should local authorities have robust eligibility data (as they do for two-year-old funding) and EYPP funding was allocated to LAs, it could be paid out in similar ways to the deprivation supplement. LAs felt they would then be able to better target efforts. This would move EYPP funding from a provider-led model to a local authority-led model and require additional resource to support LAs to deliver.

Whether and how LAs were monitoring the impact of EYPP and how this influenced planning for interventions.

2.13 LAs described work with providers to promote EYPP and provide tools and guidance. However, they lacked direct influence over the extent to which eligible children were accessing EYPP, or how it was used.

2.14 The assessment of EYPP interventions and outcomes comes under Ofsted's remit. Ofsted is the arbiter of whether EYPP funding had been spent in an impactful manner and how the funding impacts on narrowing the attainment gap for eligible children. As a result,

LAs did not routinely monitor outcomes and were unable to confidently state if the funding was working.

2.15 Ofsted has been inspecting providers every three- to four-years. Therefore, whole cohorts of children could come and go in-between inspections. Local authorities reported it would be more useful if they had greater oversight (as they do with deprivation funding), to ensure it was being spent as designated.

2.16 A small number of LAs had retained development teams or quality teams working directly with childcare settings, and where these existed, officers explored EYPP and how it was being used.

2.17 A small number of LAs interviewed had recent, or were putting in place, plans to monitor impact. For example, using an IT solution to track children's attainment from the ages of two to five. However, interviews did not identify any current data based on systematic tracking of impact.

2.18 The majority of local authorities used Early Years Foundations Stage Profile (EYFSP) results to monitor progress against national and regional/statistical neighbour performance. They reported to SMT on gaps and improvements in attainment between FSM children and their peers. There appeared to be closer monitoring of Looked After Children (LAC), working in partnership with Virtual School teams with monitoring data feeding into children's personal education plans.

Whether available data within LAs indicated a narrowing of the gap.

2.19 It was reported by local authorities there was no current evidence. However, indications were that data may be available in the future.

3 Recommendations

3.1 A total of 99,179 children received EYPP in January 2019 across England. This equated to 60.25% of the initial estimate of eligibility to support EYPP allocations at the start of the funding in 2015-2016. It would be useful for focused work to be undertaken so up to date estimates be provided so local measures can be made of 'good' performance.

3.2 It is recommended the Department for Education considers providing LAs with EYPP eligibility lists, as they do for eligible two-year-olds.

3.3 Further research should identify why there is an apparent disparity between regional take-up levels. This has been found to range from 77.23% in the North East to 34.82% in London.

3.4 Further consideration should be made as to whether EYPP could be effectively linked to early years deprivation funding, to support provider administration and motivation.

3.5 Increased take-up was most commonly attributed by LAs to targeted work raising awareness and engagement of providers. Resources should be made available to LAs to enable focused and targeted work with providers and parents.

3.6 Changes to systems and processes are recommended and considered to be beneficial. Such changes should support take-up by removing some of the administrative and discourse pressure (information, awareness raising and initial discussions with parents) from providers.

3.7 All LA IT solutions and provider portals could automatically check for eligibility and inform providers so they can work better and faster with eligible children and families.

3.8 Parent declaration forms should collect information from all families and have embedded consent to check for eligibility.

3.9 Local authorities should be encouraged to check eligibility in real-time and pay EYPP monthly so there is no delay in providers having financial confidence and capacity to support children's needs.

3.10 Local authorities could be given greater responsibility and resources for annual monitoring how EYPP funding is used to ensure it is being spent effectively. Monitoring impact of EYPP should be routine within local authorities, it could be part of their annual childcare sufficiency assessments, with evidence of how funding can be used to narrow the attainment gap widely shared. This should be reinforced by a closer policy link between EYPP and the school readiness agenda.

3.11 It is recommended further research be undertaken with local authorities that are implementing systems to monitor impact to gain a better understanding of the impact of EYPP on narrowing the attainment gap and supporting school readiness.

4 Summary reports

4.1 Interviews with local authority representatives

The local authorities interviewed did not have robust estimates of the number of children eligible for EYPP. As a consequence, they were unable to track or evidence how successfully eligible children were being reached. Ofsted is the sole arbiter of whether EYPP had been spent in an impactful manner, and how the funding impacted on narrowing the attainment gaps for eligible children. Therefore, generally local authorities had decided to not routinely monitor outcomes and were unable to confidently state if funding was working.

The majority of those interviewed relied upon EYFS profile score data to monitor attainment. A small number had recently, or planned to, put in place monitoring systems.

Distribution of EYPP was based largely on a provider-led model where the onus for identifying eligible children and engaging their families was with childcare settings. This model worked to a good level (with just under 100,000 children receiving EYPP in January 2019) but there were reported issues.

It was considered parents may be reluctant to provide information or the consent required to check eligibility – the main eligibility criteria are income-based. This can act as a barrier to discussions on the part of both the parent and childcare setting. Such discussions are naturally focused on choosing childcare, settling in and practical arrangements. Local authorities also highlighted some misconceptions. It may be possible parents perceive an impact on reductions in benefits if EYPP was accessed. There was also a feeling of suspicion around sharing National Insurance and other personal data so soon. Some local authorities had recently, or were planning to introduce, IT solutions where the funding system would automatically check for eligibility, so they could inform the childcare setting. In other areas, LAs had adopted a universal approach using parent declaration forms that collected information from all families and had embedded consent to check for eligibility. This was said to have taken some of the pressure off the childcare setting in identifying potentially eligible families, supporting the overcoming of any perceived stigma.

In areas where the number of eligible children was low, childcare settings may feel the administrative resource required to check eligibility and the additional Ofsted inspection element may offset the value and amount of funding that could be received.

“From our provider survey carried out in autumn 2019, most providers felt the EYPP rate is too low for the level of admin involved”

Batch checking EYPP eligibility (where a local authority checked every few weeks or a few times each term) meant childcare settings could experience a delay in establishing which children were eligible. Where settings were paid termly, they may have to wait until the end of the funding block to receive all of the EYPP funding for that term. This meant they could plan interventions immediately. Where local authorities had ‘real-time’ eligibility checking (online with an instant response) and settings were paid monthly, providers would be aware of which children were eligible straight away and when, and how much, funding will be paid. This was said to support cash flow forecasting and planning interventions for children.

LAs reported they provided advice and guidance both in terms of marketing and effective use of the funding. There were many examples of support for childcare settings in the form of information, online resources and guidance for settings to work with families to ask the questions required to establish possible eligibility. There was wide use of local authority provider portals and websites to provide information about EYPP as well as a wide variety of promotional materials for providers to share with parents. Reported reductions in local authority staff teams and resources have seen a great deal of this guidance now being provided online and through email. Local authorities also use network meetings and provider briefings to raise the profile of EYPP. However, the lack of take-up monitoring suggests this would not be a priority for many local authority areas with focus shifting to other early years entitlements such as 30 hours and two-year-old entitlement funding.

Interviews with local authorities identified ways of potentially improving the reach of EYPP with more focussed and targeted impact assessment. Some of these related to the processes involved in identifying eligible families, checking eligibility and paying funding to

childcare settings. Marketing and promotion at local and national level could support parental understanding of the benefits of EYPP for their child and their childcare provider. Universal data collection at the start of an early education place could capture most families who were eligible under economic criteria. Supporting providers to understand how EYPP and other supplements support general business sustainability could increase the willingness of providers to claim for all eligible children.

“It has been a challenge to increase take up and support providers to spend it on interventions that can be proven to have an impact for the small amount that is distributed. The delay in our systems for collecting data, checking eligibility, and informing providers of results has an impact on planning appropriate interventions for eligible children.”

There were also suggestions to rethink EYPP funding, including giving local authorities oversight of the effectiveness of EYPP funding, working with settings to ensure it is spent effectively. Allocation of the funding pot could also be reconsidered – if local authorities had robust eligibility data (as they do for the two-year-old funding) and EYPP funding was allocated to LAs, it could be paid out similar to the deprivation supplement, and LAs would be able to better target their efforts. This would move EYPP funding from a provider-led model to a local authority-led model and require additional resource to support LAs to deliver.

4.2 Local authority questionnaire survey

Take-up of EYPP

Around half of all survey respondents reported having a local estimate of the number of children eligible for EYPP. For the majority of these, estimates were based on headcount data or historic take-up, rather than analysis of population or reference to free school meal (FSM) eligibility, for example. Using trend data or headcount data means local authorities are not able to effectively monitor take-up of EYPP against the potential number of eligible children.

Just over a third of respondents (37%) reported take-up of EYPP was increasing. The reasons for this increase were commonly attributed to targeted work to raise awareness and engagement with providers, and changes to systems and processes. There was one example where a local authority had linked EYPP funding to the deprivation supplement to make the additional funding more attractive to providers. This meant an eligible child would attract £1.47 per hour with the combined EYPP and deprivation supplement funding which have the same eligibility criteria. For all, childcare providers played a pivotal role in the application process.

Barriers to take-up

Survey respondents identified a range of barriers to take-up. Foremost amongst these, it was reported, was parental reluctance or refusal to share the information required for an eligibility check to be made. This may be as a result of perceived stigma, reluctance to share personal information or concern over how information may be used. Another commonly cited barrier was providers not collecting required information – and again, this could be for a number of reasons – the time involved, competing demands, the level of funding, errors made in the data collected or shared with the LA and provider reluctance or confidence in initiating discussions with parents.

“We think there are several reasons including -universal credit roll out - parents not providing details - providers not inputting details onto the portal even when they have been provided - providers feel it can be a lot of work chasing parents for little gain.”

Opinions regarding EYPP

The majority of respondents (62%) reported thinking EYPP was an effective funding mechanism, albeit with recommendations for improving take-up. These included:

- A centralised system for identifying eligible families that removed the need for providers to ask for personal information and the need for an eligibility check.

“It would be good if we could have a list of families who are potentially eligible to EYPP as we do 2 year olds. From that we could write out to the families and explain

what EYPP is and the benefits to the child. A lot of parents are reluctant to give their details for checking.”

- Increasing the EYPP funding rate, bringing it more in line with School Pupil Premium.

“If EYPP was closer to the amount paid for pupil premium, more providers would see the benefit and could do so much more to support the most disadvantaged children.”

- A national campaign to promote EYPP and remove any stigma associated with eligibility for the funding.
- Include EYPP funding in the base rate or add the funding to overall budgets so it could be distributed through the funding formula as part of the deprivation supplement.

“We add our deprivation supplement to the EYPP payment which gives providers an hourly rate of £1.47 per hour currently per eligible child. This incentivises providers to apply. We have also been promoting the funding.”

Hempsall Consultancies Ltd.

Office 2, 15 Morledge Street, Leicester LE1 1TA

0844 824 3083