

CSN POLICY BRIEFING

Extending Free Early Education to More Two-year Olds – DfE consultation

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Summary

The DfE is consulting (until 15 October) on proposed eligibility criteria for the second phase of the new entitlement to free early education for two-year olds. This is to be introduced from September 2014, and will extend eligibility to around 40 per cent of two-year olds.

Overview

The DfE is consulting (until 15 October) on proposed eligibility criteria for the second phase of the new entitlement to free early education for two-year olds. This is to be introduced from September 2014, and will extend eligibility to around 40 per cent of two-year olds.

The first phase of the entitlement, from September 2013, will offer free early education to around 150,000 two-year olds (20 per cent), who will be eligible if their families meet the criteria used for eligibility for free school meals or if the children are looked after by the local authority (LA). The second phase will increase the number of places to around 260,000 (40 per cent).

The eligibility criteria proposed for the second phase are: (economic) families meet the eligibility criteria for free school meals **or** receive Working Tax credits and have annual gross income of no more than £16,190 **or** (under the incoming benefits system) receive Universal Credit and have annual gross earnings of no more than £16,190; **or** (non-economic) two-year olds who have a current statement of special educational needs/an education, health and care plan (to replace SEN statements from 2014) **or** they attract Disability Living Allowance.

The consultation document is accompanied by a table showing the estimated number of two-year olds meeting the proposed economic criteria for free places by LA area (as at April 2012) and by separate equality and economic impact assessments.

Briefing in full

Disadvantaged two-year olds are less likely to access early education than their more advantaged peers, but the evidence from research shows clearly the importance of high quality early education in supporting children's development; the foundation years (pregnancy to age five) are critical to children's life chances.

CSN POLICY BRIEFING

Since 2009, LAs in England have been funded to deliver a targeted offer of free early education to their most disadvantaged 15 per cent of two-year olds. The Government is extending this to around 40 per cent, in two phases. The first phase, from September 2013, will apply to around 20 per cent of two-year olds – whose families meet the criteria for free school meals, or are looked after by the LA. The second phase, from September 2014, will increase the number of free places to 260,000 (around 40 per cent of two-year olds). This consultation proposes eligibility criteria for the second phase. Currently, this second poorest quintile of two-year olds are the least likely to access early education (37% of the group, compared to 72% of the most advantaged quintile and 43% of the poorest).

LAs will have a statutory duty to secure 570 hours of free early education for eligible children (who, having taken up the offer, will not lose their free place even if their family's circumstances change). Funding for the new entitlement from 2013-14 will be through the Dedicated Schools Grant (DSG), and will increase to £760m in 2014-15 to enable LAs and providers to build capacity and prepare for the new entitlement. The Government will not set an hourly rate for the free places; LAs will set rates, taking account of local circumstances (as for the free entitlement for three and four year olds). The Government considers that the funding will be sufficient for 260,000 free places and local administration.

The criteria proposed for the second phase aim to: include all children who meet the criteria for the first phase; retain the primary focus on economic disadvantage; reach around 40% of two-year olds (including the first phase); be easy to understand and verify; work with both the current benefits system and the new Universal Credit system.

Economic criteria

The criteria proposed from 2014 are that two-year olds will be eligible if their families meet the eligibility criteria for free school meals **or** receive Working Tax credits and have annual gross income of no more than £16,190 **or** (under the incoming benefits system) receive Universal Credit and have annual gross earnings of no more than £160,190.

According to the equality impact assessment, the majority of those in the first phase are workless families, and those in the second phase would be chiefly low income working families. 'Almost all two-year olds classed as being in poverty would be entitled to free early education.'

It is proposed to use the Eligibility Checking Service (currently used by almost all LAs to check FSM eligibility) to verify whether two-year olds are eligible for free places. The Government estimates that the proposed criteria would mean that between 260,000 and 296,000 two-year olds would be eligible, but that take-up would be 80 per cent – ie. around 210,000 to 240,000 children who are eligible under the economic criteria might take up places.

Children with special educational needs or disabilities

The Government proposes to extend the free entitlement to two-year olds with special educational needs or disabilities (SEND). Research evidence indicates that early education is particularly beneficial for children with SEND, whose parents often face higher costs for early education and childcare. It is proposed that the criteria for free places are two-year olds who have a current

CSN POLICY BRIEFING

statement of special educational needs/an education, health and care plan (to replace SEN statements from 2014) **or** who attract Disability Living Allowance (DLA).

Around 8,000 two-year olds attract DLA, and around 250 have statements of SEN. The High Needs Funding Block (due to come into effect in April 2013) will allocate funding to LAs for all provision for pupils in specialist settings, and for the additional costs of education for high needs children in mainstream settings.

Children who have left care

From September 2013, two-year olds who are looked after by the LA will be eligible for free entitlement (which will continue to be the case). From September 2014, the Government proposes that two-year olds who leave care through adoption orders, residence orders, or special guardianship should also be eligible – around 1,000 children under two each year.

Funding

Funding for free early education for two-year olds will be included in the Dedicated Schools Grant (DSG) from 2013-14, and the DfE is considering the methodology for how this will be allocated to LAs. Funding for free early education for three and four year olds is based on an annual count of actual participation, but since the number of eligible two-year olds taking up their entitlement cannot be available from the start of the entitlement, a funding formula will use a proxy measure for the number of eligible children locally. The formula will target funding towards need, reflecting differences in LAs' populations and levels of deprivation, and will include an area cost adjustment.

Comment

The likely benefits of extending free early education to many more two-year olds are described in the impact assessments accompanying the consultation document. Currently, the two most disadvantaged quintiles of two-year olds are little more than half as likely to access free early education as the most advantaged, yet they stand to gain the most through improved cognitive development and school readiness. Extending early education at age two is also likely to increase take up at age three and four, and to lead to earlier identification of additional needs, with the expectation of preventing them escalating.

The criteria proposed appear to be the most straightforward for readily identifying those in greatest economic need, and those with relevant additional needs.

External links

[Extending free early education to more two-year olds – DfE consultation](#)

Related briefing

[Consultation on School funding reform – next steps towards a fairer system](#)

[Statutory Framework for the Early Years Foundation Stage](#)

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