Mind the gap
Ensuring all disadvantaged children benefit from the pupil premium

Believe in children
Barnardo’s

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England has long been a society where a child’s life chances and opportunities to succeed are strongly determined by the income of the family they are born into. The country’s social rigidity has shown little sign of easing despite the intentions of successive governments.¹ The current Coalition Government has made clear its plan to tackle this situation in its social mobility strategy:

‘Fairness is a fundamental value of the Coalition Government. A fair society is an open society. A society in which everyone is free to flourish and rise. Where birth is never destiny.’²

Many factors underlie sluggish social mobility, but the interaction with educational achievement and attainment is crucial. Evidence shows that children from poorer homes begin to fall behind their better-off classmates from an early age³ and this gap continues to grow throughout the course of their schooling, adversely affecting life chances in the longer term.

The Coalition Government has focused on reforming education as a means to address social mobility. It has begun to radically redesign the structures of education funding in England – in particular introducing the pupil premium to provide additional funding for the most disadvantaged school-age children – with the hope that this targeted support will improve their educational outcomes and subsequently help to create a fairer society over time.

As an advocate for disadvantaged children, Barnardo’s wants to hold the Government to its promises to improve social mobility. Specifically we want to ensure that the additional education funding dedicated to improving poor children’s outcomes is being spent in the most effective way, to offer children the best opportunities to achieve and succeed.

We have mapped out a clear guide to the range of central funding streams which the Government allocates to the education system in England to improve poor children’s life chances from the age of two through to further education. Our analysis demonstrates that the levels and types of uplift funding can vary considerably.

In particular we have found that there is a substantial ‘gap’ being created where targeted uplift funding is available to support the education of the most disadvantaged two-year-olds and the most disadvantaged school-age children, but there is no similar uplift funding available for the three and four-year-olds in between. We are also concerned that enough is being done to ensure that the extra funding being provided is targeted most efficiently to reach all disadvantaged children, spent on the pupils in the way that is intended, and its use monitored over time to determine its effectiveness.

This report argues that, whilst recent reforms to education uplift funding are welcome in attempting to address the attainment gap, there is still work to be done in making sure these are being employed most effectively. We conclude with three recommendations

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to refine, respectively, the distribution, monitoring and evaluation of education uplift funding.

1. **Stretch the pupil premium to cover three and four-year-olds**
   Funding for the pupil premium should be stretched to cover the most disadvantaged recipients of three and four-year-old entitlement. This would be cost-neutral and have a minimal impact on school-age children, whilst potentially bringing greater improvements in school readiness.

2. **Inspect the use of education uplift funding spending**
   Ofsted should be empowered to include spending of education uplift funding as a key aspect of their inspection framework across all ages. No early years setting, school or learning provider should receive an ‘outstanding’ judgement unless it can be shown to be ‘outstanding’ in educating its most disadvantaged pupils.

3. **Evaluate the effectiveness of education uplift funding over time**
   The Department for Education should commission a longitudinal study evaluating the impact of all educational uplift streams on social mobility. It should use findings from this study to continue to improve the development and delivery of this funding over time.
Section two: Policy context

The Coalition Government has unequivocally emphasised its commitment to increasing the social mobility of disadvantaged children:

‘Improving social mobility is the principal goal of the Coalition Government’s social policy.’

The Government’s plans to create a fairer society and improve opportunities for disadvantaged children and families are underpinned by a strong belief in early intervention as the key driver to improve educational outcomes. Shortly after the May 2010 General Election the Government commissioned a number of reviews to show the way to a fairer society. Notable amongst these was the Allen Review of 2011 which describes early intervention as ‘providing the social and emotional bedrock for all’. For Allen, investment in early intervention, especially during the early years, will improve outcomes for the whole of society and benefit the economy in the long term.

To promote this and to counteract the well-documented negative effects of deprivation on early cognitive development the Government has plans to substantially increase the numbers of health visitors, extend the Family Nurse Partnership Programme for vulnerable young parents, continue to support Sure Start children’s centres ensuring they reach more poor families and offer the most disadvantaged two-year-olds 15 hours per week of free early education.

In addition the Government has started reforming the way schools and other educational institutions in England receive additional funding for the most disadvantaged children to help them to keep pace with their more advantaged peers. In particular, the pupil premium has been introduced – which the Deputy Prime Minister, Nick Clegg, has described as:

‘... a once in a lifetime chance ... [to] make good on education’s progressive promise: to give every child the chance to go as far as their abilities and effort can carry them.’

The Deputy Prime Minister also claims that the Coalition Government is ‘intervening at every stage of a child’s educational journey’.

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7 Deputy Prime Minister Speech 14 May 2012 www.politics.co.uk/comment-analysis/2012/05/14/nick-clegg-pupil-premium-speech-in-full, accessed 1 August 2012.
8 Ibid.
Section three: Underpinning principles of our research

This paper provides an overview of education uplift funding in England at different stages of a child’s journey through the education system. However, this is a complex landscape and before starting our analysis we set out five principles to underpin the research and focus the scope of the report:

1) Defining disadvantage
The report defines ‘disadvantage’ in entirely material terms. The common proxy measure for material disadvantage in schools is presently eligibility for free school meals. Although this is a crude and not entirely accurate reflection of numbers of pupils in poverty, as an individual-based measure it can easily allow for money to be attached to specific children. Free school meal eligibility is used for important funding calculations such as the pupil premium and the proposed provision for two-year-olds.

2) The targeted, not universal, offer
The report looks exclusively at funding designed to provide uplift for the most disadvantaged pupils over and above what they would otherwise receive as part of a universal offer.

3) Supply-side funding only
The report looks only at supply-side funding that is provided directly to an institution in order to offer additional educational support to its disadvantaged pupils. Benefits and funds paid directly to pupils or their families like child tax credit, parenting vouchers, or 16-19 bursaries are not included.

4) Education funding only
Although there are obvious and important links between health and social care in terms of facilitating a child’s ability to learn, especially in the very early years, this report restricts its scrutiny to educational uplifts.

5) Two to 18-year-olds
Identifying what constitutes education before the age of two is extremely abstract. This is because education and care in the years between birth and two are inextricably linked. Funding for this age group is mostly universal and health-based, and the Department of Health acknowledges the importance of early intervention through ‘developing strong universal public health and early education with an increased focus on disadvantaged families.’

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Section four: A description of disadvantage uplift funding across the child’s education

This section outlines the various strands of additional funding to support the education of children from disadvantaged families offered at each of four stages of a child’s life from two to 18 years.

Aged two years old

From 2013, 15 hours of free childcare per week will be available for 38 weeks of the year for the 20 per cent most disadvantaged two-year-olds. This will be extended in 2014 to the most disadvantaged 40 per cent. The new entitlement will be established at a full annual cost of £760 million, amounting to approximately £2,923 per child per year. This funding is based on the understanding that early educational intervention into disadvantaged children’s lives improves their long-term learning outcomes.

However, it is still not fully clear how the new entitlement will work in practice. The Government has confirmed that access to the first wave of the offer in 2013 will be based on eligibility for free school meals, with pilots beginning from September 2012. The Government is currently consulting on how it will extend the entitlement further to the most disadvantaged 40 per cent10 – with a suggested eligibility of all households with an income of no more than £16,190, as well as some specific groups of children such as those with identified special educational needs and those who have been adopted.

At present pilot programmes are funded by local authorities from their Early Intervention Grant (EIG) but the Government recently announced11 that the full roll out of the provision for two-year-olds will be funded through a ring-fenced pot within the Dedicated Schools Grant (DSG) – the funding stream that currently covers universal educational provision for children from three to 16. Full details of funding allocation have been promised for later in 2012.12

Aged three to four years old

All three and four-year-olds are entitled to 15 hours per week of free early years education for 38 weeks of the year (i.e. for a school year). This three and four-year-old entitlement is funded through the wider DSG which is also used to fund maintained schools. The National Audit Office estimated that spending on the early years offer was £1.9 billion in 2011-12.13 However, local authorities are free to determine the proportion of their total DSG allocated to early years provision. This means that basic funding can differ considerably between local authorities.

Since 2011 all local authorities have been required to distribute this money according to a clear and transparent locally-determined Early Years Single Funding Formula (EYSFF). Each EYSFF is expected to comprise a basic hourly payment available to all providers which is then topped up with supplements for different criteria determined by the local authority (e.g. quality; flexibility). A supplement for deprivation is the one statutory requirement of every EYSFF to target more early learning resources towards disadvantaged three and four-year-olds.14 However this is also highly inconsistent because local authorities can use

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their own formulae to calculate the value of the supplement and may rely on local information derived from the Index of Multiple Deprivation (IMD), Income Deprivation Affecting Children Index (IDACI) and Mosaic, or combine this with tax credit information. This results in a wide range of methodologies for applying deprivation supplements. The practice guidance for the EYSFF observes, tellingly, that:

‘Although there are many commonalities, each pilot authority has adopted a different approach, either in terms of the methodology used to classify deprivation, the amount of funding to allocate through the deprivation supplement, or the way that the additional funding for each setting is calculated.’

A National Audit Office survey of 24 local authorities in the EYSFF pathfinder in 2010-11 found that the deprivation supplement varied from 3p to 79p per child per hour, equating to an uplift of between £17 and £450 per child per year.

**Aged five to 16 years old**

Education uplift funding for this age group is primarily offered through the pupil premium, the Coalition Government’s flagship policy aimed at improving the education of the most disadvantaged children and young people.

The pupil premium comprises targeted funding paid via the local authority for each pupil who has been on free school meals at any time in the past six years (known as the ‘ever-6 rule’). Free school meals have traditionally been used as a proxy measure for poverty in education, but it is well known that the take up of free school meals excludes many who may be eligible but do not claim. Educational statisticians describe this measure of poverty as ‘coarse’.

The ever-6 rule smooths out some of this coarseness, including the potential for cliff edges (where a small increase in income leads to the loss of benefits, sometimes disproportionately) and eases administration of the pupil premium. The ever-6 rule means that about 26 per cent of children in mainstream schools attract the pupil premium against an average of 18 per cent who actually claim free school meals at any one time. Children who have been in care for more than six months also attract the pupil premium.

The pupil premium, launched in 2011, was worth £488 per pupil per year. From April 2012 the fund has been increased to £1.25 billion which has the dual effect of extending the reach of the pupil premium to half a million more pupils through the ever-6 rule while raising the sum per pupil to £600 per year. The Government plans for the total fund allocated for the pupil premium to increase to £2.5 billion by 2014-15. Barnardo’s calculations, shown fully in Appendix A, estimate that this amounts to £1,320 per eligible pupil, taking into account growth in pupil numbers. Funding will be additional to the DSG and the allocation will be made to schools at the same time as the rest of their funding for a given academic year.

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15 Mosaic is a specific tool designed to help the public sector understand local demographics, lifestyles and behaviours which can be used to help identify deprivation factors on a more sophisticated level than simply income. www.experian.co.uk/business-strategies/mosaic-public-sector.html, accessed 1 August 2012.


Additionally, £50 million has been earmarked from the pupil premium to fund secondary schools that opt into a two-week summer schools programme for children on free school meals. This programme is planned to ease the transition from primary to secondary schools for disadvantaged pupils moving from year six to year seven. The summer school programme is worth £250 per pupil per week, with a maximum allocation of £500 per child. Schools which are setting up summer schools applied directly to the Department for Education (DfE) for this funding in May 2012.19

In July 2012 the Government announced a further £10 million from the pupil premium would be used to fund a literacy catch up programme for disadvantaged pupils. This intervention is planned to be used to support pupils who have failed to reach the required level four in English by the end of primary school (key stage two).20

Prior to the introduction of the pupil premium funding local authorities had a requirement to provide funding uplifts to disadvantaged pupils through the DSG. In keeping with the idea that the pupil premium is to be seen as additional funding the DfE has stated that disadvantage uplift funding through the DSG will continue for the time being – however they have moved to reduce the variability in this uplift and ensure that it targets deprivation more effectively by reducing the ways in which it can be allocated. The Institute for Fiscal Studies (IFS) found that previously:

‘... amounts allocated to schools via local authorities’ ‘fair-funding’ formulae are less redistributive than the system used to allocate grants to local authorities.’21

This suggests that funding allocated to local authorities specifically for deprivation might in some cases be spread more widely across all pupils. New guidance suggests disadvantage uplifts through the DSG should now only be allocated on the basis of either free school meals allocation (or the ever-6 measure) or alternatively on the IDACI score of the pupil.22

It is not clear how long this arrangement will continue though. The DfE has previously stated that:

‘Longer term, the intention is that the [pupil] premium will become the main mechanism for allocating deprivation funding to schools, as part of a new formula, rather than continuing as a separate grant alongside existing deprivation funding within the DSG.’23

**Aged 16 to 18 years old**

Compared with funding for school pupils, which is based on eligibility for free school meals, uplift funding for students over 16 is far more differentiated with institutions attracting higher levels of funding for the more disadvantaged students. The criterion for identifying disadvantage in further education is the Index of Multiple Deprivation (IMD).24 In 2011-12 students living in the 27 per cent most deprived areas received uplift funding of between eight and 32 per cent, equivalent to between £234 and £934 for a full-time

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19 www.education.gov.uk/schools/pupilsupport/premium/summer/a00204988/faq-summer-schools-funding#faq5, accessed 1 August 2012.
20 www.education.gov.uk/inthenews/inthenews/a00211482/£10m-literacy-catch-up-programme-for-disadvantaged-pupils, accessed 1 August 2012.
24 The IMD examines a wide range of factors including income, employment, health, education, crime, access to services and the living environment to determine how deprived a local area is. The IMD looks at deprivation in each lower layer super output area in England. Lower layer super output areas are small geographical areas defined by the Office for National Statistics. An average of around 1,500 people live in each lower layer super output area in England.
student, with students living in the most deprived areas attracting a higher uplift.25

There are some other streams of funding at 16-18, not in the scope of this report, which should nevertheless be noted as they are closely linked to – although, crucially, not determined by – economic deprivation:

- Pupils also attract extra funding for post-16 institutions based on their previous attainment in Maths and English. This is known as Additional Learning Support (ALS) and reflects the increased costs incurred by institutions to support pupils with lower attainment to improve. In 2011 ALS was worth up to £1,920 for a full-time student. There is likely to be some overlap between prior attainment and disadvantage and so ALS may provide some additional funding targeted at deprivation.

- During 2011-13 England additionally attracts £164 million from the European Social Fund specifically directed at young people not in education, employment or training (NEET) or at risk of being NEET. This funding is allocated regionally and may be accessed by some providers working with NEET groups. As NEET young people are proportionally more likely to be from disadvantaged families this could be seen as additional uplift support for disadvantaged pupils.

Finally, the 16-19 Bursary Fund is a £180 million pot of support funding devolved to 16-19 education providers to allocate to their students on the basis of need. However, the Bursary Fund’s main purpose is to facilitate disadvantaged students being able to stay in education post-16, not offer any additional support or tuition. As such, the Bursary Fund, important as it is, cannot be seen as ‘uplift funding’ in the same way as, say, the pupil premium.

25 NB – these figures are indicative as in practice the actual extra funding that a pupil attracts is dependent on a number of other factors within the further education funding formula. These include the number of hours they are studying, where the institution is based, the previous success of their institution and the type of course they are studying.
Section five: Conclusion and recommendations

Social mobility is a well debated and notoriously elusive concept which is difficult to measure given the many factors which may be involved. Conclusions cannot be drawn about changes to mobility within a given society until the recipients of interventions or changes are middle-aged, which is why the clearest evidence showing any decline in social mobility in the UK is based on people born in 1958 and 1970.\textsuperscript{26} This means that the Coalition’s claims to be impacting positively on the social mobility of children and young people currently in the education system will be hard to properly check against concrete data for many decades hence. In the meantime it is vital that innovative measures like the pupil premium are continuously and closely monitored to assess their impact on children’s lives.

This final section critiques the current initiatives and makes recommendations for improving the distribution, monitoring and evaluation of education uplift funding.

Addressing the ‘gap’ for three and four-year-olds

The previous section described the various strands of per-pupil educational uplift funding at each stage of a child’s life. Figure one plots as a graph the levels of uplift funding which a child from a disadvantaged home might attract during their education from age two through to age 18. The graph indicates the different amounts of per-pupil funding which could be expected initially and in the future for pupil premium and the two-year-old offer, as well as reflecting upper and lower limits for funding at ages where the uplift allocation is variable (e.g. age three and four; age 16-18).

As can be seen from the chart, the amount of uplift varies substantially at different stages of a child’s educational journey. Most notably there is a huge discrepancy between the large sums of additional money planned to be made available to the most disadvantaged two-year-olds and school-aged children, compared with the small amounts of uplift funding for even those three and four-year-olds within the local authorities offering the most generous deprivation supplements through their Early Years Single Funding Formula (EYSFF).

As well as the National Audit Office (NAO) report which found that the disadvantage uplift for provision for three and four-year-olds across 24 local authorities did not exceed £450 per child per year,\textsuperscript{27} a DfE analysis of the EYSFF pathfinder local authorities found the median uplift was just £148 per year.\textsuperscript{28} This is substantially below the intended level for the pupil premium in the future (£1,300 p.a.) and dramatically less than the direct uplift expected to be provided through the provision for two-year-olds (£2,923 p.a.).

The inconsistency of funding illustrated in the graph means that those disadvantaged children given a chance to catch up at age two through the new entitlement then risk falling back again when the uplift drops off. Without additional funding providers cannot afford to give disadvantaged children similar extra support at three and four that the Government evidently recognises is needed at both two years old and again from when a child starts school.


\textsuperscript{27} National Audit Office (2012) Delivering the free entitlement to education for three and four-year-olds. The Stationary Office, London.

Figure one: Estimate of per learner deprivation uplift by age, with announced changes over time

Calculations for two-year-olds are based on announced figures of available funding and number of two-year-olds expected to benefit in each year. The expansion to 40 per cent of two-year-olds reduces the per-pupil amount from around £4,100 in 2012-13 to £2,900 in 2013-14. However, it is important to note that some of the money provided in 2013-14 is for building capacity to deliver to an increased number of two-year-olds in 2014-15. Calculations for the offer for three and four-year-olds are based on the most recently available information reported by the National Audit Office (NAO). This is based on findings in 24 pathfinder authorities in 2010-11. Pupil premium amounts are based on announced amounts for 2012-13 and Barnardo’s estimates for future years (full calculations detailed in the technical annex to this report). Finally, as future allocations of funding have not yet been announced, further education calculations are based on the formula and rates in 2011-12. Funding allocated for uplift through the DSG funding formula is not included in this chart due to difficulty of attaining uplifts for each local authority. DfE has stated that in the longer term the intention is for the pupil premium to be the primary mechanism for allocating deprivation uplift.

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Although a disadvantaged child will continue to receive free early years care and education for 15 hours a week throughout the period from two to four years old, the well-funded provision at age two is likely to be of a different quality from the universal offer at three with no additional support for those children ‘lagging behind’. Government intentions to improve ‘school readiness’ could be adversely affected by this lack of uplift at age three and four. This is the last opportunity to make sure that disadvantaged children are ready to start formal education on an equal footing with their peers.

It is important to stress that Barnardo’s does not wish to denigrate the gains made in early years provision over recent years. For example the Government’s recent efforts to extend the free entitlement for three and four-year-olds to 15 hours of universal provision should rightly be lauded as a great achievement. However we do contend that in making the entire offer universal there have been unintended consequences. The rollout of, and subsequent extensions to, the entitlement for three and four-year-olds was often first piloted with the most disadvantaged children, or in the most disadvantaged areas. But since the offer became universal, it can be argued that the most disadvantaged children no longer get the extra support they need at this stage to keep pace with their more advantaged peers.

Given the gradual evolution of the entitlement for three and four-year-olds, it is logical to assume that the two-year-old entitlement for the most disadvantaged 40 per cent of children might also be extended to become universal provision over time. Of course this too would be a key achievement, but without the presence of an additional uplift for disadvantaged children it risks leaving the poorest and most vulnerable lagging behind once more. This would contradict the whole concept of early intervention and additional targeted support to improve social mobility – a concept which the Government is clearly committed to at school age, as it is the primary reason underpinning the introduction of the pupil premium for that age group.

Finally, our analysis reveals a further anomaly in funding for four-year-olds which risks a two-tier system of eligibility according to where they receive their education. Because the pupil premium kicks in as soon as a child enters a school reception class, as more local authorities move towards a single September intake into school reception, those disadvantaged four-year-olds who start school well before their fifth birthday attract the pupil premium. However, their counterparts of the same age in a nearby nursery or pre-school receive much smaller amounts of uplift within local EYSFF. This gulf will intensify as the amount of the pupil premium increases in the coming years.

At present the distribution of education uplift funding for young children is too piecemeal. We suggest this money is not being used as effectively as it could be to meet the Government’s aim of using early intervention to increase social mobility – in particular by ensuring every child achieves a threshold of ‘school readiness’ during their early years.

31 Such as the increase from 12 to 15 hours: www.guardian.co.uk/education/2007/nov/07/schools.uk, accessed 1 August 2012.
But there is a solution. The Government could extend the £2.5 billion pupil premium pot to cover all disadvantaged children from age three to 16 at minimal cost to school-age children. Barnardo’s has calculated the estimated value of the pupil premium in 2014-15 will be £1,320 per pupil per year. However, a pupil premium stretched to cover all three and four-year-olds meeting the same eligibility criteria would only reduce this figure to £1,200 per pupil per year. Additionally, recognising that the 15 hour entitlement for younger children is less than the statutory requirements for school-age education, a more sophisticated model would adjust figures accordingly to provide £1,230 pupil premium for school-age children and a £920 pupil premium for three and four-year-olds. Figure two plots these comparable amounts on a graph.

Figure two: Potential value of pupil premium in 2014-15 with and without extension to three to four-year-olds

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33 Full methodology for our calculations can be found in Appendix A.
Recommendation one: Stretch the pupil premium to cover three and four-year-olds
Funding for the pupil premium should be stretched to cover the most disadvantaged recipients of three and four-year-old entitlement. This would be cost-neutral and have a minimal impact on school-age children, whilst potentially bringing greater improvements in school readiness.

Monitoring the use of education uplift funding

As with all indicators of social mobility, the success, or otherwise, of the various streams of education uplift funding discussed in this report will only be established in the longer term when those children who received it are established in their adult lives. What matters immediately is that education providers clearly demonstrate that they are using the uplift money they receive to directly support the disadvantaged children it is intended to benefit – and not using it to cover shortfalls in budgets reduced by spending cuts elsewhere, as some commentators are already warning is happening with the pupil premium in some schools.34 In the longer term it is important that action is taken to determine what sort of interventions prove most effective in raising the achievement and attainment of children from poor families.

In keeping with the lack of ring-fencing or guidance on this money, plans for schools to account for how they are spending the pupil premium, and to what effect, are as yet loosely defined. From September 2012 schools will be required to publish how they are using their pupil premium.35 Additionally in June the Deputy Prime Minister announced £10,000 prizes would be available for the 50 schools demonstrating the most effective uses of the pupil premium.36

However, while evidence persists in showing that too many headteachers are seeing the pupil premium as simply a replacement for funding they have lost elsewhere will this incentive be enough to change behaviour? The greatest incentive for schools to use the pupil premium effectively would be to ensure that they are fully accountable for how they use the money to improve the educational outcomes of disadvantaged pupils.

The pupil premium represents considerable government expenditure and the Deputy Prime Minister has already indicated Ofsted will be looking ‘forensically’ at how effectively schools are spending the pupil premium saying that:

'Inspectors are already being instructed to look closely at how schools are spending the money and to what effect, with plans to publish a survey early next year.'37

Additionally, Ofsted has commissioned a thematic survey on the pupil premium to be published in 2013.

Nevertheless the Government has stopped short of making effective use of pupil premium – and the effective use of uplift funding at all ages – a key component of Ofsted inspections.

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35 Deputy Prime Minister Speech 14 May 2012: www.politics.co.uk/comment-analysis/2012/05/14/nick-clegg-pupil-premium-speech-in-full, accessed 1 August 2012.
36 Ibid.
37 Ibid.
In order to give their scrutiny ‘teeth’, Ofsted must be empowered to ensure where education uplift funding is being allocated it is being used effectively to improve the achievement of the pupils it is allocated for.

**Recommendation two:**
**Inspect the use of education uplift funding spending**
Ofsted should be empowered to include spending of education uplift funding as a key aspect of their inspection framework across all ages. No early years setting, school, or learning provider should receive an ‘outstanding’ judgement unless it can be shown to be ‘outstanding’ in educating its most disadvantaged pupils.

**Evaluating the effectiveness of uplift funding**

The concept of social mobility is hard to pin down and takes decades to truly evaluate. Given the large amounts of money being committed to the pupil premium and other forms of educational funding uplift, Barnardo’s believes it is important that the Government puts measures in place now to ensure that the use of public money is being properly evaluated. The Millennium Cohort Study of children born in 2000 is now beginning to offer findings about the experience of 11-year-olds. This data could provide a useful baseline for long-term impacts on the lives of children entering secondary school in the first year of the pupil premium.

**Recommendation three:**
**Evaluate the effectiveness of education uplift funding over time**
The Department for Education should commission a longitudinal study evaluating the impact of all educational uplift streams on social mobility. It should use findings from this study to continue to improve the development and delivery of this funding over time.
Appendix A: Technical annex

Methodology of calculations

Based on the increase in funding that has been announced, and expected future numbers on the school roll, Barnardo’s estimates that the pupil premium could rise to £1,320 in 2014-15. We examined how much the school-age pupil premium would potentially be reduced if the offer were extended to three and four-year-olds with no extra funding. Based on our estimates on the potential number of three and four-year-olds receiving the free entitlement in 2014-15 we estimate that:

- extending a pupil premium worth 75 per cent of the school-age pupil premium would reduce the school-age pupil premium by around £90 to £1,230.
- having a flat rate entitlement across the board would give a flat rate premium of around £1,200 – or around £120 less than the original school-age premium.

A full explanation of the assumptions behind these calculations is available in the technical annex of this paper.

A projection of pupil premium growth in the future

Assumptions

The estimates presented within this publication rely on a number of assumptions so are subject to some uncertainty. In order to get an estimate of potential future pupil premium levels we have employed the following assumptions:

- **Pupil premium eligibility** – we have assumed that the proportion of children eligible for each component of the pupil premium (deprivation, service child, looked after) remains the same in the future as it is currently. This is based on Department for Education (DfE) estimates of the proportions eligible for each component of the pupil premium in 2012-13.\(^{38}\)

- **Pupil projections** – we have based our estimate of the school population in future years on DfE pupil projections. Unfortunately, school populations in the pupil projections and school populations outlined in the pupil premium allocation note do not precisely match. This is because pupil projections include nursery classes provided within primary schools, but these do not attract the pupil premium and so are not included in the pupil premium note. We have therefore scaled the populations from the pupil projections to attempt to correct for this.\(^{39}\)

- **Funding** – the Government has announced that funding for pupil premium will increase from £1.25 billion in 2012-13 to £2.5 billion in 2014-15.\(^{40}\)

- **£50 million for summer schools** – we have assumed that £50 million from this budget will be set aside to pay for summer schools – the Government has stated that funding for this is ‘up to £50 million’.\(^{41}\)

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39 For 2011-12 and 2012-13 the school roll from the pupil premium allocations was roughly 97 per cent of the school roll from pupil projections – we have therefore adjusted the pupil projections by this factor in future years.
£10 million for literacy catch-up programme for disadvantaged pupils – we have assumed that £10 million from this budget will be set aside to pay for the literacy catch-up programme announced in July 2012.

£250 service child premium maintained – we have assumed that the service child premium, which comes out of the pupil premium pot, stays at the same nominal level of £250 (so decreases in real terms) as it has not been announced how this will grow in the future. The Government may choose to uprate it in line with inflation, or alternatively may increase it by more, in line with the overall growth in the funding pot to £2.5 billion.

Looked after child premium same as deprivation premium – we have assumed that the looked after child premium continues to match the deprivation premium in the future.

To assess the impact of the extending the pupil premium in 2014-15 to the offer for three to four-year-olds, we made the following assumptions:

1.382 million three to four-year-olds in 2014-15 – this is based on Office for National Statistics (ONS) 2010-based national population projections.42 We have taken the midpoint of 2014 and 2015 mid-year projections as our base. This is because the participation figures above refer to January of each year. However, taking the midpoint of population estimates does not necessarily give a perfectly accurate picture of the population midway between each population projection. Furthermore, population projections are subject to margins of error. This figure is therefore only an approximation.

69 per cent of three to four-year-olds receiving free offer – this is based on DfE figures that show 95 per cent of three to four-year-olds benefit from some free early education but that 26 per cent are in reception classes43 which frequently have one intake of pupils in September and so take in significant numbers of four-year-olds. Pupils in reception classes do not attract the early years offer but instead already attract funding through the pupil premium.44

19.3 per cent of three to four-year-olds eligible for free school meals – we have assumed an eligibility rate of 19.3 per cent for three to four-year-olds in line with the proportion eligible for free school meals in primary settings.45 There is a possibility that this rate would be higher if parents with younger children are less likely to be in work. However this does not significantly impact on our estimates. Every percentage point increase in free school meals eligibility reduces the total pupil premium spread across all ages of £1,200 by around £5-6.

75 per cent of the full pupil premium – we have assumed that pupil premium allocation for three to four-year-olds would be worth 75 per cent of the value of the pupil premium in schools. This is because it only covers 16 hours, compared to the 21 hours mandated for five to seven-year-olds in school – this is roughly 75 per cent.

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Key risks, caveats
and sensitivities

- The biggest risk to these figures is our assumption that the proportions eligible for free school meals, and therefore the pupil premium, will be the same in the future as it is now. It has been widely speculated that take-up of free school meals will increase as schools have more of an incentive to encourage take-up. As yet this increase in take-up has not materialised – but if it did then the per-pupil uplift would be reduced in the future. As an indication of the sensitivity increasing the proportion of pupils eligible from 26.1 per cent to 30 per cent in 2014-15 reduces the per-pupil allocation by around £170 in our model.

- Extending pupil premium eligibility to three to four-year-olds may have a knock-on impact on the proportions eligible in primary school through the 'ever-6 measure'. We have not attempted to take this into account.
Mind the gap: Ensuring all disadvantaged children benefit from the pupil premium

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