

Defining and Identifying 2 year olds in workless/ jobseeking households

1. At ADES Early Years sub group on Friday 24 January, a potential list of qualifying criteria for households who are workless or job seeking was circulated¹; and, numbers were requested to reflect how this would translate at national and local levels. It was noted that the % of 2 year olds from workless/ job seeking households would vary across local authorities based on local employment rates. A spreadsheet is attached separately based on *Number of Children living in out of work benefit claimant households by local authority and age at May 2012*.¹ This identifies potential estimated numbers at local authority level

Eligibility

2. It was confirmed that the policy intention is to phase in 2 year olds over 3 terms, through setting a starting date for 2 year olds as the first term after their second birthday; or, the term after the household becomes workless/ jobseeking. It was also agreed to seek to reflect this in numbers at a national and local authority level.
3. The five qualifying criteria circulated were:
 - Income Support Claimant Households
 - Jobseeker's Allowance Claimant Households
 - Employment and Support Allowance Claimant Households
 - Incapacity Benefit or Severe Disablement Allowance Claimant Households
 - Pension Credit Claimant Households
4. We are also exploring eligibility to those households on income based JSA and income related elements of ESA rather than on a contributory basis for families who may be working very few hours, keeping eligibility in line with future entitlements through Free School Meal eligibility criteria.

Population

5. The First Minister announced on 7 January 2014 that the entitlement would be expanded to 15% (approx. 8,500) of all 2 year olds from workless or job seeking households. With the benefit qualifying criteria set out above, and taking into account those 2 year olds already eligible under current Bill provisions, we have now been able to estimate this is in the region of an additional **7,500 2 year olds** (see attached spread sheet).
6. This figure is based on estimates of 2 year olds living in workless households derived from published benefits data. We have adjusted that figure to take into account an estimate of the number of 2 year olds who will already be eligible under the looked after/kinship care order criteria. We estimate that around 70% of the 2 year olds eligible under the looked after/kinship care order criteria will be in households receiving the qualifying benefits set out in paragraph 3, and so will already be in receipt of a funded place.

¹ DWP Information and Governance and Security Directorate, October 2013.

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7. In relation to the figures in the spread sheet, it should be noted that the totals in the individual benefit columns do not add up to the overall total of all out of work benefits as some families can claim more than one benefit at the same time, and these figures do not take account of the adjustment made for those already eligible.
8. We also note that as with the Financial Memorandum, estimates are based on latest published figures which are for 2012. The employment rate has increased by around 1% since May 2012 so those on benefits may be slightly lower as a result of this, although this is not estimated in those numbers.
9. We have also estimated an uptake rate of 70% based on uptake rates in England and discussion with DoE and DWP. DoE confirmed an initial uptake of 70% in August 2013; and, are anticipating an increase in uptake when they expand to cover working families on low income in August 2014. This estimate may still be too high as we may be unable to replicate the process of data sharing needed to identify eligibility (covered at paragraph 12 below).
10. Due to birthdays throughout the year, and children starting the term after their second birthday, phasing in will mean the following cohorts in each term:
 - 1/2 (3,751) start in August in term 1
 - 1/3 (2,501) start in January in term 2
 - final 1/6 (1,250) start in April in term 3

The total numbers (rounded) attending by term in 2014-15 are:

- Term 1: 3,750 children
- Term 2: 6,250 children
- Term 3: 7,500 children

Costs

11. An hourly rate of £7.34 was applied based on the rates used in the Financial Memorandum estimates for 3 and 4 year olds - adjusted for double staff ratios and including costs for staff, central support, operation, additional support for learning and partner provider uprating.
12. The estimated costs are:
 - **£25 m** for staggered entry over terms 1, 2 and 3, August 2014 – August 2015, of which:
 - £14.5 m incurred in first financial year Aug 2014 – March 2015; and first 2 terms for children
 - £10.5 m for term 3 commencing April 2015 for remaining children plus those above (all 7,500 get term 3).

Identification

13. We are exploring with the Department for Education and DWP their methods of identification of families who may be eligible; and, potential applicability in Scotland. DWP forward data from HMRC to the DoE which is then forwarded to local authorities for targeted leaflets or letters to potentially eligible families. A similar system of self-

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referral and registration is being investigated for Scotland, supported by targeted letters or leaflets.

Further eligibility considerations

14. We discussed how we could build in assurances that workless households are engaged in work related activity or family support, where there are no reasons of incapacity or disability for not working.
15. It would be possible under section 43 (4) of the Bill which allows an order to be made that a child is to be an eligible pre-school child only if the local authority concerned is satisfied as to any matter relating to the child which is specified in the order. This would allow a clause to be added to any qualifying criteria; e.g. 2 year olds children will be eligible where they are in households which qualify for:
 - Income Support
 - Jobseeker's Allowance
 - Employment and Support Allowance
 - Incapacity Benefit or Severe Disablement Allowance
 - Pension Credit; and,
 - where the local authority is satisfied that the household parent(s) are undertaking work related activity or are engaged in family support.
16. The statutory guidance could exemplify such work related activity such as job seeking, employability pipeline programmes, training, studying; and, family support as parenting programmes, family centred based early learning and childcare, or community childminding.

Capacity

17. It was noted that estimated numbers at local authority levels would enable consideration of potential capacity issues including capital.

ⁱ Number of Children living in out of work benefit claimant households, May 2012