

Sutton Trust | Policy costings

Opportunity for all: Technical Appendix

May 2024

Summary of social mobility policy costings | 2024/25

In millions of GBP (rounded)*

	Unit of intervention	Estimated current policy run cost ^{2,5}	Policy change cost ^{4,5}		Total policy run cost ⁵	Beneficiaries (in thousands)	
			Run cost	Capital			
A Early years £3.0-4.0bn⁶	1a Universal 30-hour early years provision for 3-to-4-year-olds (capped)	Children (via LA ¹)	£3,340 ^{2,3}	£270-510 ³	-	£3,600-3,850 ³	100-180
	1b Universal 30-hour early years provision for 2-year-olds (capped)	Children (via LA ¹)	£1,900 ^{2,5}	£330-810 ⁵	-	£2,200-2,700 ^{3,5}	40-110
	1c Universal 20-hour early years provision with 30-hour sliding subsidy	Children (via LA ¹)	£4,800 ²	£1,600-2,000	-	£6,300-6,800	50-150 ⁴
	2 Leadership Quality Fund for high quality early years provision	Early years staff (via LA ¹)	-	£100	-	£100 ²	30
	3 Early Years Pupil Premium funding level	Nurseries (via LA ¹)	£130 ^{2,3}	£200 ³	-	£340 ^{2,3}	240
	4 Early Years National Funding Formula disadvantage allocation	Nurseries (via LA ¹)	-	<i>Re-balanced</i>	-	-	190
	5 New Sure Start-style children's centres in most disadvantaged areas	Children (via LA ¹)	£840 ²	£480	£110	£1,320 ²	280
B Attainment £0.9-1.0bn⁶	6a Pupil Premium funding restored to real terms (ramp up)	Pupils (via schools)	£2,900 ^{2,3}	£140 ³	-	£3,100 ^{2,3}	2,100
	6b Pupil Premium grant for pupils aged 16 to 18	Pupils (via schools)	-	£240	-	£240 ²	280
	7 Dedicated National Tutoring Programme funding	Pupils (via schools)	-	£70	-	£70 ²	220
	8 Free school meals for all pupils on Universal Credit	Pupils (via schools)	£890 ^{2,3}	£360-540 ³	£100-140	£1,200-1,400 ^{2,3}	700-1,100
	9 Expanded Levelling Up Premium in disadvantaged schools	Teachers	£30 ^{2,3}	£50 ³	-	£70 ^{2,3}	200
C Apprenticeships £0.2-0.3bn⁶ £4.0-5.0bn⁶	10 Reimbursement for employers for time apprentices are on off-the-job training	Employers	-	£50	-	£50	70
	11 Employer subsidies for new apprentices	Employers	£80 ²	£140-160	-	£220-240 ²	60-70
	12 Care leaver apprenticeship bursary for those eligible for FSM	Apprentices	£10 ²	£50-100	-	£60-110 ²	20-30
	13 Proportion of apprenticeship levy ringfenced to under-25s	Employers	-	<i>Re-balanced</i>	-	-	40

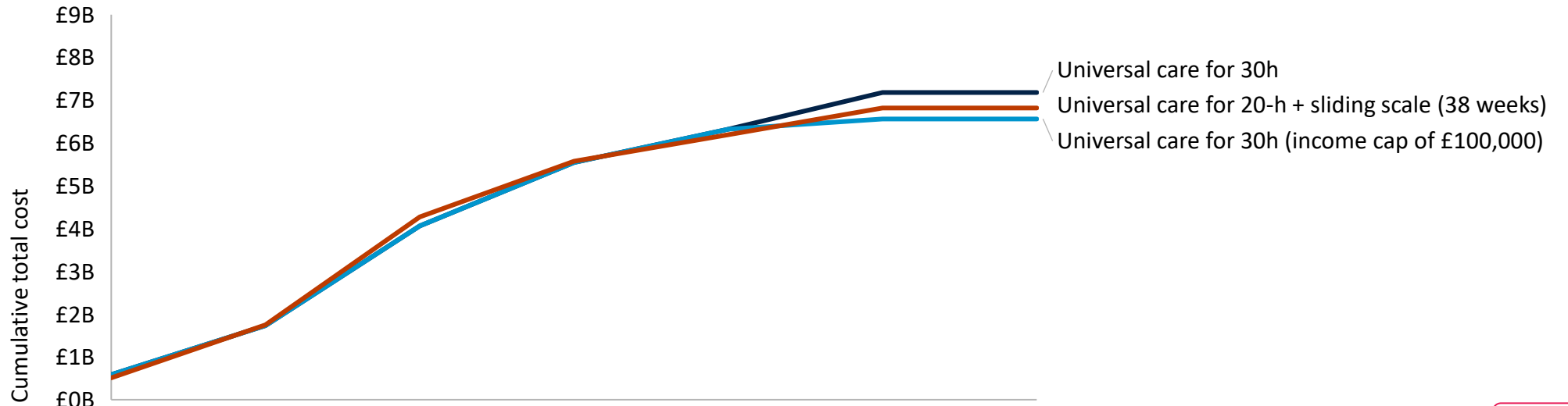
Policy change cost

Note: *all numbers are rounded to nearest 10,000; 1. Local authorities; 2. Computed based on costing methodology and assumptions – figures may not fully match actual government cost allocations and spend; 3. Numbers do not add due to rounding; 4. 2-to-4-year-olds newly receiving 20-hours of EYP who otherwise would not have taken up any funded provision under current policies; 5. 2024/25 costs for all early years policies except 1b, where 2025/26 costs considered instead of 2024/25 to reflect incremental policy change costs relative to costs of planned expansion of EYP for 2-year-olds of working parents; 6. For high-level comparison purposes, noting that policies are not mutually exclusive; Source: Costing analysis supported by BCG.

Early Years | Universal early years provision: wide range of cost outcomes and distribution of children benefitting across income bands

Universal early years provision policies

Cumulative total government cost of early years provision per income bracket of parent (upper boundary)



Children receiving funded EYP	No income	Low income	Lower-middle income	Middle income	Upper middle	High income	# of funded children (million)	Total cost (billions)	Change cost (billions)		
30 hours (no cap)¹	8%	16%	33%	21%	11%	11%	1.2	£6.3-7.2	£1.0-1.9	<i>See subsequent pages for policy costing</i>	
								£3.8-4.1	£0.4-0.7		3-to-4-year-old
								£2.5-3.1	£0.6-1.2		2-year-old
20 hours (no cap)	8%	16%	33%	21%	11%	11%	1.2 – 1.3				
38 Week subsidy	0%	19%	50%	32%	0%	0%	0.5-0.6	£6.3-6.8	£1.6-2.0		
30 hours (£100,000 cap)¹	8%	17%	34%	22%	11%	7% ²	1.1-1.2	£5.8-6.6	£0.6-1.3		
								£3.6-3.9	£0.3-0.5	3-to-4-year-old	
								£2.2-2.7	£0.3-0.8	2-year-old	

Note: 1. Distributions represent those of children receiving either 15 or 30 hours of EYP; 2. Represents 3-to-4-year-olds who will remain in 15 hours of EYP, which is not capped by income, given it is universally provided today. Note: Numbers may not add up due to rounding



Early years | Offer universal 30-hour early years provision for 3-to-4-year-olds

Proposed policy

Offer 30-hours of funded early years provision (EYP) to all 3-to-4-year-olds of parents with individual annual income **below £100,000** to reduce inequalities in access to early years education. Based on the current eligibility criteria, **80% of children** in the bottom third of parent earnings are **not eligible for EYP**¹

Policy benefits

Attendance of EYP, especially high quality EYP, has **long-lasting positive impacts on socio-behavioural development**², and **attainment of educational qualifications** (GCSEs, A-levels, university degree)³, which is linked to **higher lifetime earnings**

Costing summary*

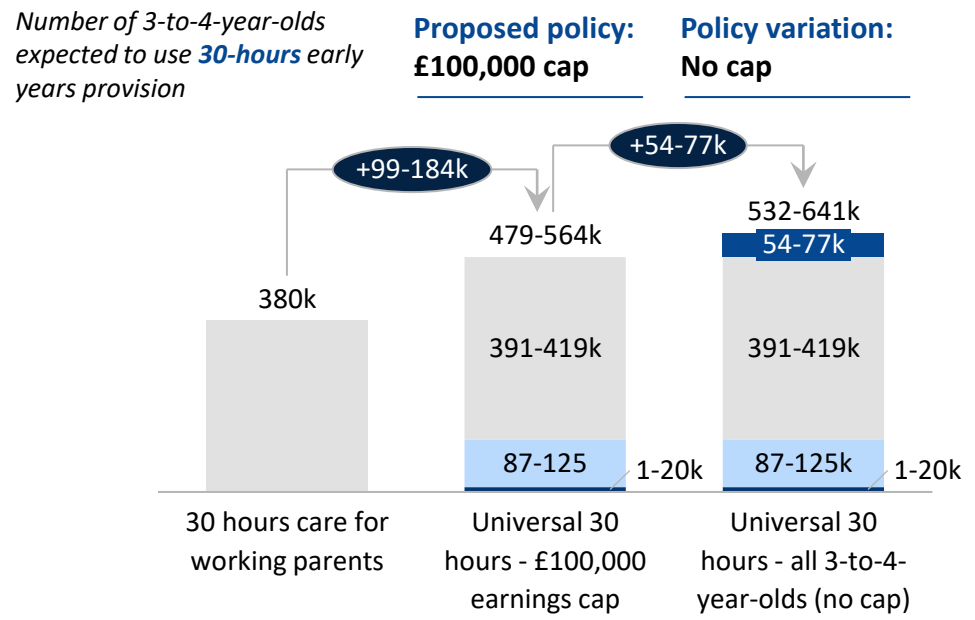
Policy change costs (run, 2024/25)	£270 – 510 million
Number of beneficiaries (2024/25)	100,000 – 180,000 ⁴
Strength of assumptions	High
Unit of intervention	Children (via local authorities)

Methodology and key assumptions

- **~370,000** out of **~780,000 3-4-year-olds** currently **not eligible for 30-hour-EYP under current working parent criteria**, and **~30,000 eligible children not using the offer** (excluding those who are already in reception)
- **Variable take-up** of the 30-hour offer applied based on demographic-specific responses in publicly available surveys⁵, ranging from **~45-75%**
- **Utilisation** of funded hours set at **~82%**⁶
- Average hourly cost of EYP of **£5.88**⁷
- Based on household data⁸, **54,000-77,000** of those likely to take-up the 30-hour offer will have parents earning above £100,000 (and not eligible)

Proposed policy and variation

Academic year 2024/25



Cost for all children (using both 15 & 30 hours)

Total policy cost ⁹	£3.3bn	£3.6-3.9bn	£3.8-4.1bn
Policy change cost ⁹	-	£270-510m	£420-720m

Legend: Not economically active (Dark Blue), Earn <£15,000 p.a. (Light Blue), Earn between £15,000-£100,000 p.a. (Grey), Earn >£100,000 p.a. (Dark Blue)

Note: All figures are for academic year 2024/25; *all numbers are rounded to nearest 10,000; all policies assume no additional cost associated with policy implementation; Beneficiaries refer to children
 1. A Fair Start: Equalising access to early education (2021); 2. The Effective Pre-School, Primary, and Secondary Education (EPPSE) project; 3. IFS: The economic effects of pre-school education and quality; 4. Children newly receiving 30-hours of early years provision; 5. Childcare and Early Years Survey of Parents 2023 and Written evidence submitted by the Department for Education; 6. Education provision for children under 5 2023; 7. House of Commons - Childcare funding in England (2024); 8. Working and workless households in the UK: April to June 2023 - Table K and Income Tax Liabilities Statistics 2023-2024



Early years | Offer universal 30-hour early years provision for 2-year-olds

Proposed policy

Offer 30-hours of funded early years provision (EYP) to all 2-year-olds of parents with individual annual incomes **below £100,000** to reduce inequalities in access to EYP. Budget reforms have reduced the eligibility of 2-year-olds from disadvantaged backgrounds for 15-hour EYP from 40% in 2015 to ~25% in 2022.¹ In September 2025, children of working parents will be eligible for 30-hour EYP, widening inequality in access to EYP

Policy benefits

Attendance of EYP, especially high quality EYP, has **long-lasting positive impacts on socio-behavioural development², and attainment of educational qualifications** (GCSEs, A-levels, university degree)³, which is linked to **higher lifetime earnings**

Costing summary*

Policy change cost (run, 2025/26 ⁴)	£330 – 810 million
Number of beneficiaries (2025/26 ⁴)	40,000 – 110,000⁵
Strength of assumptions	High
Unit of intervention	Children (via local authorities)

Methodology and key assumptions

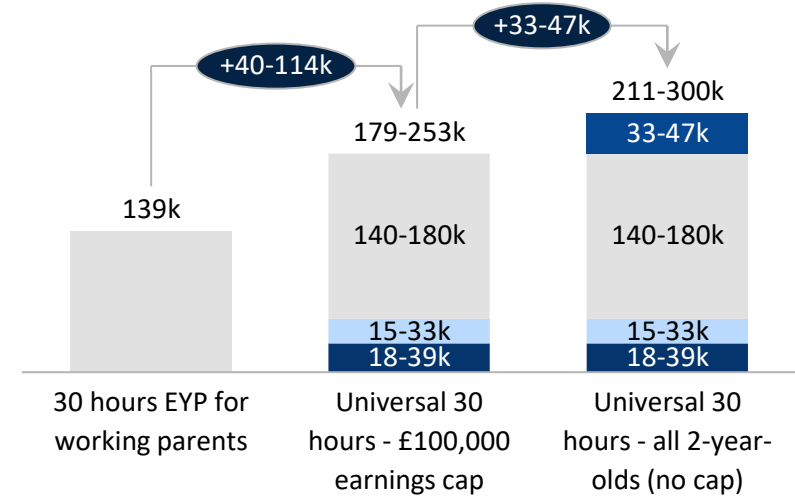
- **~584,000 2-year-olds**, of which **139,000** expected to register for 30-hours of provision and **187,000** expected to register for 15 hours of provision **under the proposed 2025/26 EYP policy**
- **Variable take-up** of the 30-hour offer applied based on demographic-specific responses in publicly available surveys⁶, ranging from **0-85%**
- **Utilisation** of funded hours set at **~82%⁷**
- Average hourly cost of EYP of **£8.28⁸ for 2-year-olds and £5.88⁸**
- Based on household data⁹, **35-57k** of those likely to take-up the 30-hour offer will have parents earning above £100,000 (and not eligible)

Proposed policy and variation

Academic year 2025/26⁴

Number of 2-year-olds expected to use **30-hours** early years provision

Proposed policy: £100,000 cap **Policy variation: No cap**



Cost for all children (using both 15 & 30 hours)

Total policy cost ¹⁰	£1.9bn	£2.2-2.7bn	£2.5-3.1bn
Policy change cost ¹⁰	-	£330-810m	£600-1,210m

Not economically active
 Earn between £15,000-£100,000 p.a.
 Earn <£15,000 p.a.
 Earn >£100,000 p.a.

Note: All figures are for academic year 2025/26; *all numbers are rounded to nearest 10,000; all policies assume no additional cost associated with policy implementation; Beneficiaries refer to children
 1. Institute for Fiscal Studies (2022); 2. The Effective Pre-School, Primary, and Secondary Education (EPPSE) project; 3. IFS: The economic effects of pre-school education and quality; 4. 2025/26 costs considered instead of 2024/25 to reflect incremental policy change costs relative to the planned expansion of 30-hour EYP for 2-year-olds of working parents; 5. Children newly receiving 30-hours of early years provision; 6. Childcare and Early Years Survey of Parents 2023 and Written evidence submitted by the Department for Education; 7. Education provision for children under 5 2023; 8. House of Commons - Childcare funding in England (2024); 9. Working and workless households in the UK: April to June 2023 - Table K and Income Tax Liabilities Statistics 2023-2024; 10. Policy costs reflect the cost calculated assuming some children remain with 15 hours of EYP, given preferences for half-day care

Early years | Offer universal 20-hour early years provision with additional 30-hour sliding scale subsidy

Proposed policy

Offer 20-hours of funded EYP to all 2-to-4-year-olds, with a sliding-scale subsidy for an **additional 30-hours** to reduce inequalities in access while providing support for working parents. Current criteria means **80% of 3-to-4-year-olds** in the bottom third of earnings are **not eligible for 30-hour EYP¹**, while **new 2-year-old policies exclude children from low income families from 30-hour EYP**

Policy benefits

Attendance of EYP, especially high quality EYP, has **long-lasting positive impacts on both socio-behavioural development², and attainment of educational qualifications** (GCSEs, A-levels, university degree)³, which is linked to **higher lifetime earnings**

Costing summary*

Policy change costs (run, 2024/25) **£1.6 – 2.0 billion**
 Number of beneficiaries (2024/25) **50,000 – 150,000⁴**
 Strength of assumptions **Medium**
 Unit of intervention **Children (via local authorities)**

Methodology and key assumptions

- **3-4-year-old population** in 2024 of ~780,000 (*excluding those who are already in reception*) and **2-year-old population** of ~607,000
- **Variable take-up** of 20-hour offer and sliding subsidy applied based on responses in publicly available surveys⁵, ranging from **0-100%**
- **~85%⁶ utilisation** of 20 hours, utilisation of subsidised 30 hours **~50%⁷**
- Hourly cost of **£5.88⁸** and **£8.28⁸** for 2-year-olds and 3-4-year-olds, resp.
- Subsidies calculated based on cost of **utilised hours of EYP** as percentage of average income per income bracket

Proposed policy

Academic year 2024/25

		No income	Low	Low-middle	Middle	High	Highest	Total
Number of children	20-hours funded EYP	95-103k	193-207k	391-412k	249-263k	130-137k	111-137k	1.2-1.3M
	Subsidised 30 hours	-	98-103k	273-274k	174-175k	-	-	544-551k
Subsidy	Cap on % of income	-	4%	6%	8%	10%	-	
Weekly cost of sliding subsidy	2-year-olds	£0	£115.40	£89.40	£43.20	£0	£0	
	3-4-year-olds	£0	£79.43	£53.44	£7.24	£0	£0	
Total cost	20-hours funded EYP	£5.2 - 5.7bn						
	Subsidised 30 hours	£1.1bn						
	Policy change cost	£1.6 – 2.0bn						

Note: All figures are for academic year 2024/25; *all numbers are rounded to nearest 10,000; all policies assume no additional cost associated with policy implementation; Beneficiaries refer to children

1. A Fair Start: Equalising access to early education (2021); 2. The Effective Pre-School, Primary, and Secondary Education (EPPSE) project; 3. IFS: The economic effects of pre-school education and quality; 4. 2-4-year-olds newly receiving 20-hours of EYP who otherwise would not have taken-up any funded provision under current policies 5. Childcare and Early Years Survey of Parents 2023; 6. Education provision for children under 5 2023 – using average utilisation rate of 15 hours across 2-4-year-olds and applying average utilisation of 30-hour offer to the additional 5 hours offered (making 20 hours total); 7. Assumes average overall use of EYP will be 35 hours, given average working time (31.8 hours per week) plus commute time; 8. House of Commons - Childcare funding in England (2024)

Early years | Introduce a Leadership Quality Fund to ensure ring-fenced funding to drive to at least one graduate per provider

Proposed policy	Introduce a Leadership Quality Fund to support all private, voluntary and independent (PVI) providers in employing at least one graduate per setting ¹ as research has shown that early years providers with a graduate leader made significant improvements in overall preschool quality ²	
Policy benefits	<ul style="list-style-type: none"> • High quality preschool provision has a positive impact on children’s attainment and behavioural development measured at primary school entry as well as at the end of Key Stage 1³ • Correlation exists between Key Stage 1 scores and GCSE scores⁴, and in turn, between GCSE scores and lifetime earnings⁵ 	
Costing summary*	Policy change costs (run, 2024/25)	£100 million
	Number of beneficiaries (2024/25)	30,000
	Strength of assumptions	High
	Unit of intervention	Early years staff (via local authorities)
Methodology and key assumptions	<ul style="list-style-type: none"> • ~31,000 private, voluntary and independent (PVI) providers across local authorities • Over 60% of PVIs employ less than one graduate across their staff • Focusing on local authorities in the most deprived areas (deprivation quintile 1), ~4,800 providers employ less than one graduate, i.e., 4,800 additional graduates are needed to ensure at least one graduate per PVI • Incremental cost of hiring a graduate calculated based on difference in salary between level 3 and level 6 early years staff 	

Proposed policy cost and potential variations

Academic year 2024/25

£96m in annual funding to support broad set of incentives below (with flexibility on how local authorities can utilise the funding)

Incentive		Proposed policy <i>Deprivation quintile 1</i>	Policy variation <i>Deprivation quintiles 1 & 2</i>
A	Incremental cost of hiring a graduate	£77m	£144m
	+		
B	Salary differential vs. other graduate opportunities	£15m	£27m
	+		
C	Training backfilling*	£5m	£9.7m
<p><i>*Note: The government has already committed up to £180 million between 2022 to 2025 for early years education recovery, including funded training⁶</i></p>		£96m	£180m

Note: All figures are for academic year 2024/25; *all numbers are rounded to nearest 10,000; all policies assume no additional cost associated with policy implementation; Beneficiaries refer to children

1. 2009 Childcare and Early Years Providers Survey; 2. Mathers, S. et al. (2011). Evaluation of the Graduate Leader Fund: Final Report; 3. Effective Provision of Pre-school Education Project, Sylva et al., 2003; 4. Triangulated based on Cambridge assessment, FFT Education; 5. DfE Research report 'GCSE attainment and lifetime earning' (2021); 6. Includes a universal online training offer, graduate-level specialist training, National Professional Qualification in Early Years Leadership (NPQEYL), and support for backfill costs in many cases



Early years | Raise Early years Pupil Premium to primary school levels

9-24-month-old 2-year-old 3-4-year-old

Proposed policy

Raise **Early Years Pupil Premium (EYPP)** to the primary school Premium level of **£1,480 per year** (up from ~£390) **for 3-to-4-year-olds and to £740** (50% of £1,480) for **2-year-olds**, increasing with inflation thereafter, to ensure children from disadvantaged backgrounds get **sufficient additional support early in their life**

Policy benefits

- The first five years of a child's life are key to their long-term development¹, with **40% of the attainment gap** evident **by age five**²; most effective strategies to close this gap **begin early and continue over the long term**³
- EYPP can boost pupils' attainment⁴, with a positive effect on their lifetime earnings and wider ancillary **economic impacts**⁵

Costing summary*

Policy change costs (run, 2024/25)	£200 million
Number of beneficiaries (2024/25)	240,000
Strength of assumptions	High Nurseries
Unit of intervention	<i>(via local authorities)</i>

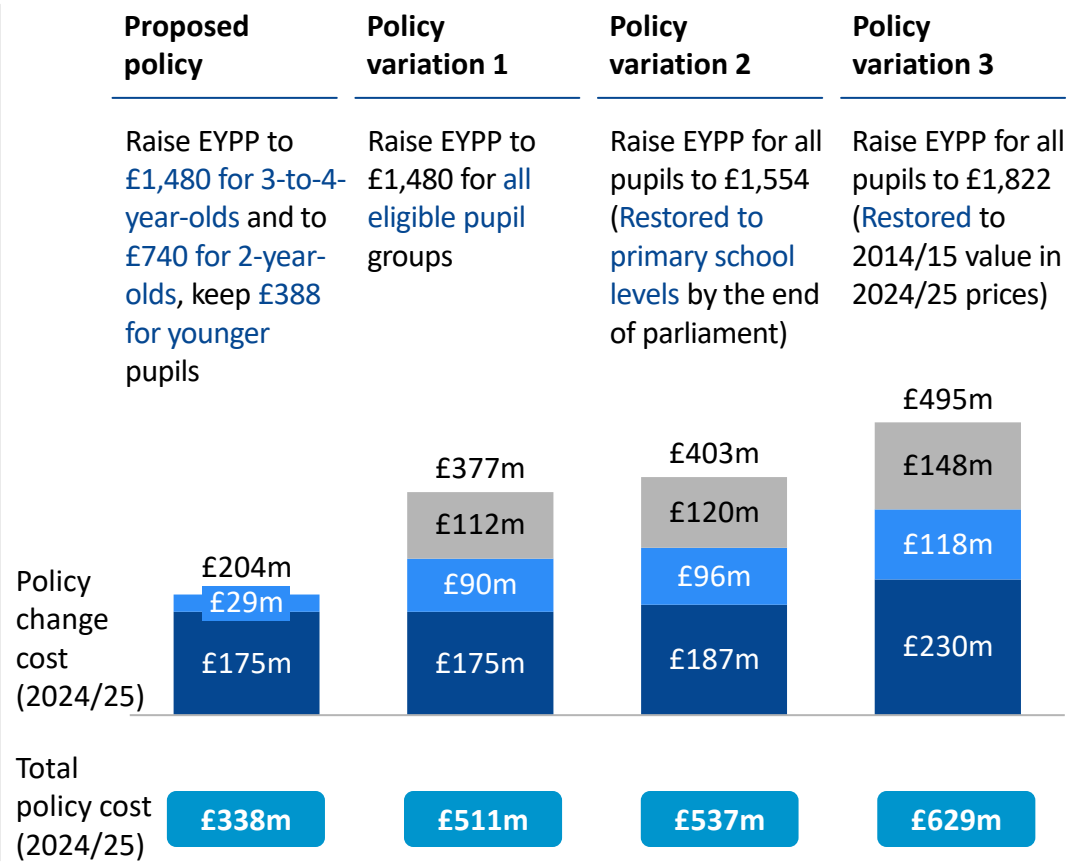
Methodology and key assumptions

- EYPP (~£390)** should be increased to **£1,480 per pupil per year**, or the current primary school level
- Over 240,000 2-to-4-year-olds** eligible for EYPP
- ~56% of 2-year-olds eligible for 15 hours of free childcare would meet additional EYPP eligibility criteria (of children in Universal Credit households with family earnings below £15k, ~56% earn under £7.4k⁶)
- Assume existing early year provision captures all 2-year-olds from disadvantaged backgrounds eligible for Pupil Premium

Note: All figures are for academic year 2024/25; *all numbers are rounded to nearest 10,000; all policies assume no additional cost associated with policy implementation; Beneficiaries refer to children
 1. See: NCDHHS, "Why Early Childhood Matters"; Gov.uk, "The Education Hub", 2022; Sword, 2021, Sylva et al., 2010; 2. Education Policy Institute, "Early Years Development"; 3. Ahmed, "Addressing the Attainment Gap Through Early Intervention", 2021; DfE, "Supporting the Attainment of Disadvantaged Pupils", 2015; 4. Gorard et al., 2021; Gorard 2022; 5. OECD, "Review of Education Policies"; London Economics, "Skills and UK productivity", 2023; 6. Based on the proportion between children in Universal Credit households with net post-tax family earnings under £15k vs under £7.4k as estimated in IFS, "The policy menu for school lunches:", 2023

Proposed policy cost and potential variations

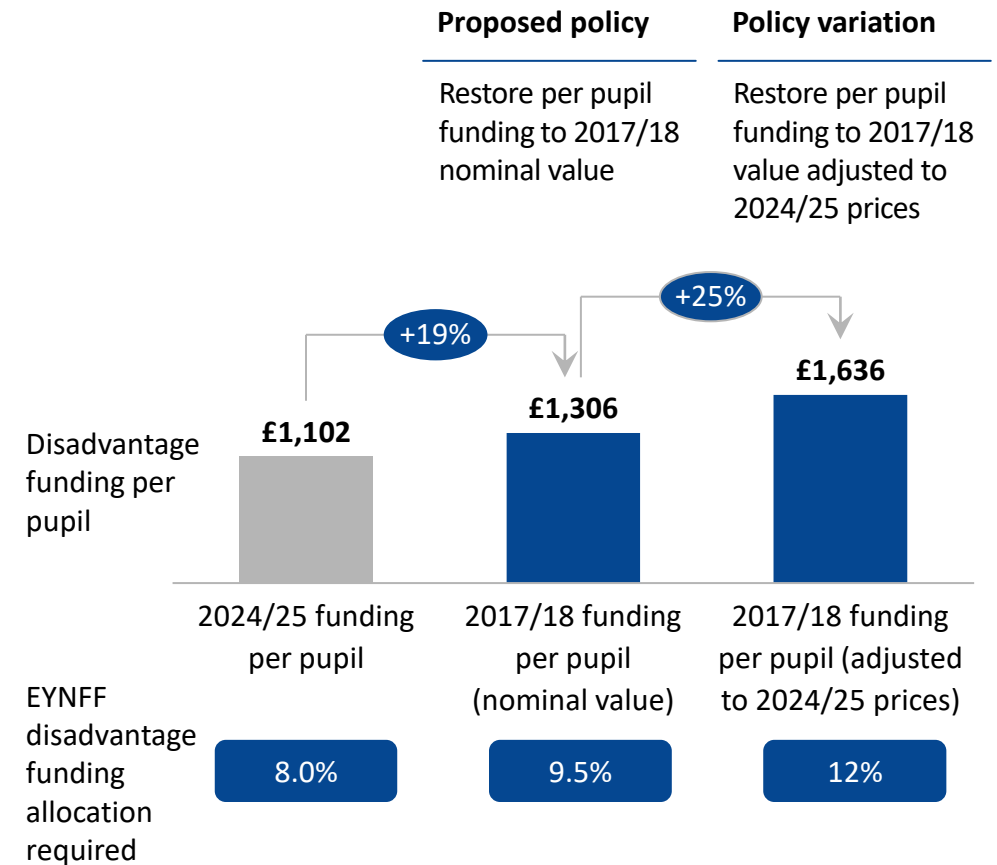
Academic year 2024/25



Early years | Restore the Early Years National Funding Formula (EYNFF) disadvantage allocation to previous per pupil funding level

Proposed policy	Restore the Early Years National Funding Formula (EYNFF) disadvantage allocation to previous per pupil funding level . EYNFF is the mechanism used to allocate universal early years provision funding to Local Authorities (LAs)	
Policy benefits	<ul style="list-style-type: none"> The allocation for children from disadvantaged backgrounds has remained at 8% of the budget since 2017/2018 although the number of eligible pupils has increased faster than the overall budget¹ Increasing disadvantaged funding for children supports the ability of early years providers to hire qualified staff², enhancing educational outcomes and providing the support that these children require 	
Costing summary*	Policy change costs (run, FY 2024/25)	Rebalanced
	Number of beneficiaries (FY 2024/25)	190,000
	Strength of assumptions	High Nurseries
	Unit of intervention	(via local authorities)
Methodology and key assumptions	<ul style="list-style-type: none"> In 2017/18, disadvantage funding per pupil was ~£1,306 (8% of budget of £2,385 million¹, across 146,000 children eligible for free school meals³) In 2024/25, disadvantage funding per pupil was ~£1,102 (8% of budget of £2,640 million¹, across 192,000 children eligible for free school meals³) To restore to previous disadvantage funding per eligible pupil would require an increase in budget allocation for disadvantage funding to 9.5% (from 8%) 	

Proposed policy and potential variations Financial year 2024/25



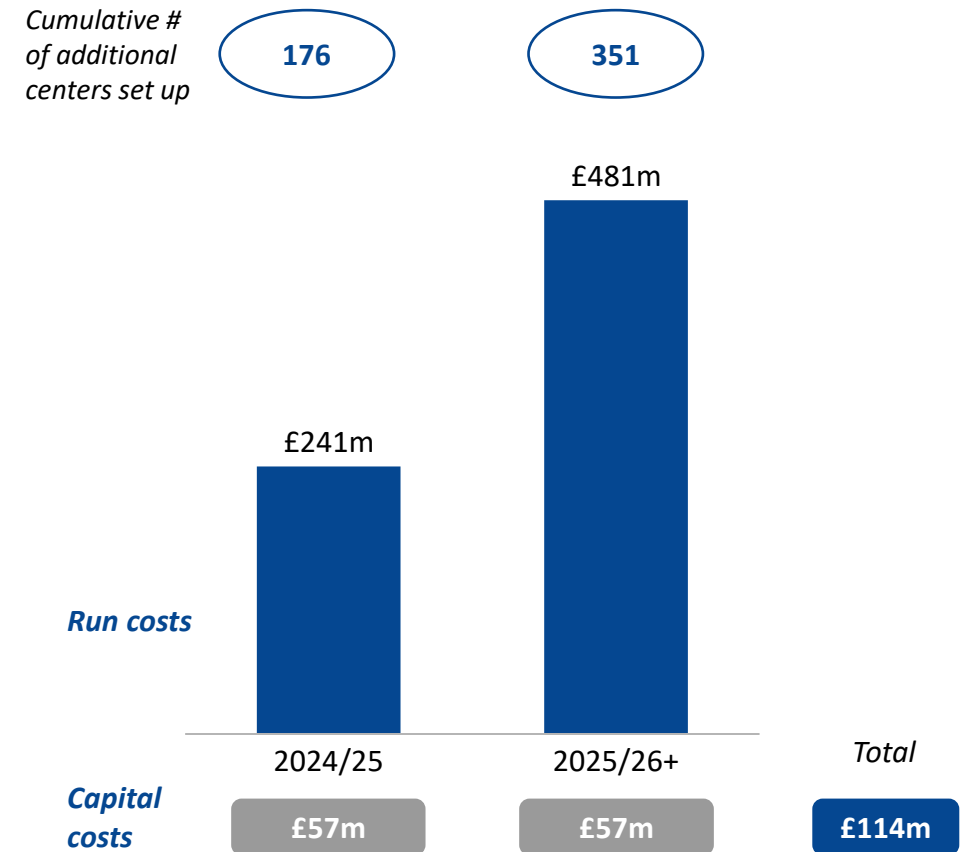
Note: All figures are for financial year 2024/25; *all numbers are rounded to nearest 10,000; all policies assume no additional cost associated with policy implementation; Beneficiaries refer to children

1. Early years funding rates and step-by-step calculations 2017 to 2018, and 2024 to 2025; 2. National Education Union (NEU) response to government consultation on Early years funding formulae (EYNFF) 2022. 3. 2024/25 pupils on free school meals based on government estimate in EYNFF funding allocations data, 2017/2018 pupils on free school meals based on IFS estimate

Early years | Open Sure Start-style childrens' centres in the most disadvantaged areas

Proposed policy	Open new Sure Start-style childrens' centres in areas with the highest levels of disadvantage (i.e. local authorities in the bottom 20th percentile of IMD¹ ratings). Since the peak of Sure Start Centres with 3,620 centres in 2010, over 1,000 centres have been closed ² or merged with family hubs, which has a broader mandate (beyond early years) and lower levels of funding								
Policy benefits	<ul style="list-style-type: none"> • Access to Sure Start for children under five significantly improved educational attainment, with benefits lasting at least until GCSEs³ • Having 'one-stop shops' for families with children under five supports safer home environments, reduced hospitalisations, and reduced behavioural problems at home and school⁴ 								
Costing summary*	<table border="0"> <tr> <td>Policy change costs (run, 2024/25)</td> <td>£480 million</td> </tr> <tr> <td>Number of beneficiaries (2024/25)</td> <td>280,000</td> </tr> <tr> <td>Strength of assumptions</td> <td>High</td> </tr> <tr> <td>Unit of intervention</td> <td>Children (via local authorities)</td> </tr> </table>	Policy change costs (run, 2024/25)	£480 million	Number of beneficiaries (2024/25)	280,000	Strength of assumptions	High	Unit of intervention	Children (via local authorities)
Policy change costs (run, 2024/25)	£480 million								
Number of beneficiaries (2024/25)	280,000								
Strength of assumptions	High								
Unit of intervention	Children (via local authorities)								
Methodology and key assumptions	<ul style="list-style-type: none"> • Over 960,000 children living in 20th percentile of most disadvantaged local authorities • ~350 additional centres required (~1200 needed compared to 850 centres today, if each centre supports 800 children) • Based on previous Sure Start programmes, the average run cost per child is ~£1,700 in 2024/25 prices • ~£100 million in capital cost likely required to support new infrastructure, based on historical funding trend for Sure Start⁵ 								

Potential approach to ramp up new centres Academic year 2024/25



Note: All figures are for academic year 2024/25; *all numbers are rounded to nearest 10,000; all policies assume no additional cost associated with policy implementation; Beneficiaries refer to children
 1. Index of multiple deprivation. 2. Sutton Trust: Stop Start; 3. IFS: The short- and medium-term impacts of Sure Start on educational outcomes; 4. IFS: The health impacts of Sure Start; 5. Between 2005/06 to 2009/10 when Sure Start was expanding rapidly (where data is available)



Attainment | Restore Pupil Premium funding to real terms by 2028/29

Proposed policy

Increase Pupil Premium funding to the following amounts (increasing with inflation thereafter): **£1,554 for primary school pupils, £1,109 for secondary school pupils, and £2,628 for those who have been in care/adopted, to restore the Pupil Premium to its real value in 2014/15^{1,2}**

Policy benefits

- Enabling **additional targeted support³** for pupils from disadvantaged backgrounds is an important lever to **address the 10-year high attainment gap⁴**
- Higher attainment is associated with **greater earnings over a pupil's lifetime** and **positive economic outcomes**, with the potential of bridging the attainment gap, which is estimated at a £14 billion earnings boost to the economy⁵

Costing summary*

Policy change costs (run, 2024/25)	£140 million
Number of beneficiaries (2024/25)	2.1 million
Strength of assumptions	High
Unit of intervention	Pupils (via school⁶)

Methodology and key assumptions

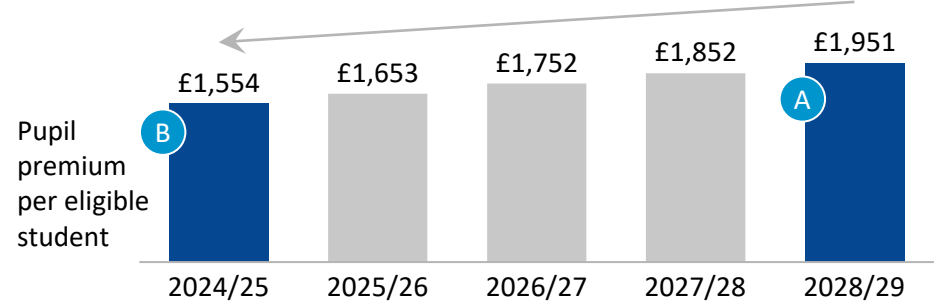
- **2.1 million primary and secondary pupils** eligible for Pupil Premium due to being economically disadvantaged or having been in care
- Pupil Premium funding has **failed to keep up with inflation**, decreasing in value by **nearly 20% between 2014/15 and 2024/25**
- Restoring **the Premium to match 2014/15²** levels by 2028/29 involve raising the funding level to **£1,554** from £1,480 (primary pupils), **£1,109** from £1,050 (secondary), and **£2,628** from £2,570 (in care)

Proposed policy: "Ramp up" Inflation adjustment

Illustration for primary school – same methodology applied for secondary school and students in care

Policy change cost in 2024/25: **£140m**

Approach to restore Pupil Premium value by 2028/29 via "ramp up" Primary school Premium, 2024/25-2028/29



- A** 2028/29 Premium based on 2014/2015 amount adjusted for inflation using published GDP deflators
- B** 2024/25 Pupil Premium extrapolated linearly, to ensure "smooth" ramp up of costs over time, rather than big initial jump of over 20% (£650m) in total policy cost

Policy variation: Full inflation correction in 2024/25

Policy change cost in 2024/25: **£650m**

Note: All figures are for academic year 2024/25; *all numbers are rounded to nearest 10,000; all policies assume no additional cost associated with policy implementation; Beneficiaries refer to pupils
 1. The Pupil Premium not kept up with inflation, decreasing in value by ~20% between 2014/16-2024/25, impacting resource availability, with potential negative impact on the quality of educational provision and support services; 2. The real value of the Pupil Premium for children who have been in care has only decreased since 2018/19, and so should be restored to the 2018/19 level; 3. Gorard et al., 2021; Gorard 2022; 4. Financial Times, "English pupils' attainment gap hits 10-year high", 2022; 5. OECD, "Review of Education Policies"; London Economics, "Skills and UK productivity", 2023; 6. For pupils who have been in care/adopted, funding is paid to local authorities



Attainment | Introduce a Pupil Premium grant for students aged 16 to 18

Proposed policy

Introduce a Pupil Premium for pupils aged 16-18 at **£735** per year for **economically disadvantaged** pupils and **£2,570** for those who **have been in care** to ensure that the impact of the Pupil Premium from earlier years is not undermined by a lack of funding beyond year 11

Policy benefits

- Introducing a Pupil Premium grant for pupils over 16 enables **sustained targeted support¹**, which is an important lever to increase pupil attainment² and **address the 10-year high attainment gap³**
- Higher attainment is associated with **greater earnings over a pupil's lifetime** and **positive economic outcomes⁴**

Costing summary*

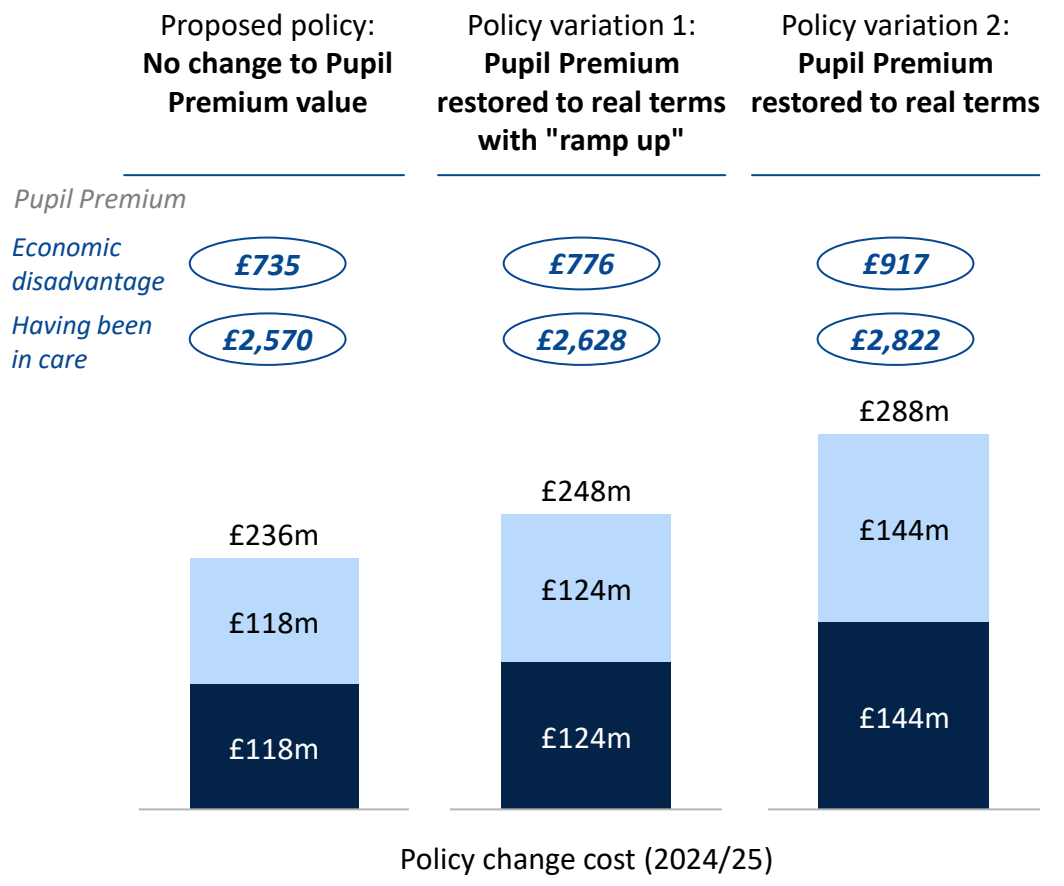
Policy change costs (run, 2024/25)	£240 million
Number of beneficiaries (2024/25)	280,000
Strength of assumptions	High
Unit of intervention	Pupils (via school)

Methodology and key assumptions

- Number of pupils in **years 12-13 estimated at 1.1 million**, considering that 80% of pupils from disadvantaged backgrounds continue full-time education past year 11 (89% for remaining pupils)
- 26%** of pupils reported to be eligible for FSM in year 11; **24%** computed for years 12-13 considering the share of pupils who continue education
- The share of pupils who have been in care assumed to be 1.5%; based on share receiving the Premium due to being in care in earlier years
- Assume difference in funding between secondary and 16-18 Premium is proportionate to that between primary and secondary school Pupil Premium (~70% for pupils eligible due to economic disadvantage, 100% for pupils who have been in care)

■ Year 12 ■ Year 13

Proposed policy cost and potential variations Academic year 2024/25



Note: All figures are for academic year 2024/25; *all numbers are rounded to nearest 10,000; all policies assume no additional cost associated with policy implementation; Beneficiaries refer to pupils
 1. OECD, "Review of Education Policies"; London Economics, "Skills and UK productivity", 2023; 2. Gorard et al., 2021; 3. Financial Times, "English pupils' attainment gap hits 10-year high", 2022; Gorard 2022; 4. For pupils who have been in care/adopted, funding is paid to local authorities

Attainment | Re-introduce dedicated National Tutoring Programme funding

Proposed policy
Renew the National Tutoring Programme (NTP) for the next political term, and provide clearer guidance on prioritising students from disadvantaged backgrounds for tutoring to enable **more targeted support** for pupils most in need

Policy benefits

- NTP has had a **considerable impact on levelling out access to tutoring** – within the state sector, students in the most deprived comprehensives were the most likely to take up school tutoring, at 35%, compared to those in the least deprived, at 23%¹.
- Without continued funding, the **significant progress made to-date could be lost**

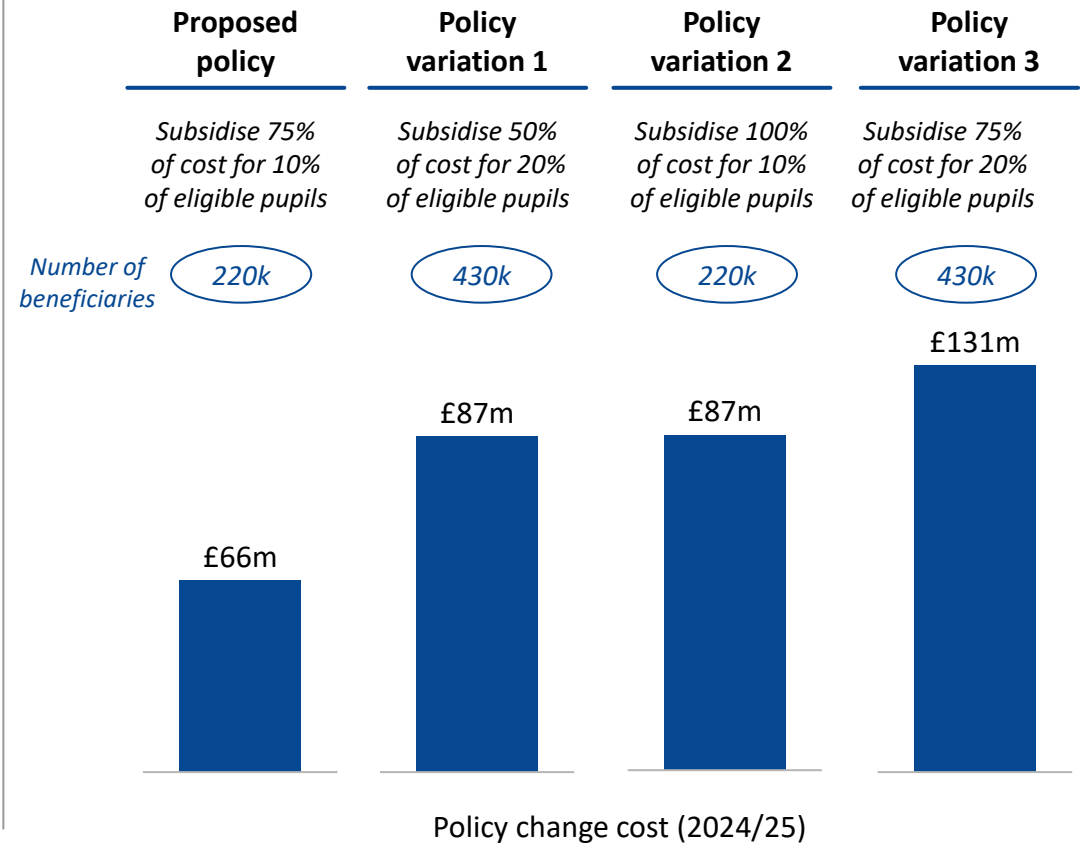
Costing summary*

Policy change costs (run, 2024/25)	£70 million
Number of beneficiaries (2024/25)	220,000
Strength of assumptions	High
Unit of intervention	Pupils (via school)

Methodology and key assumptions

- Over **2.1 million** pupils meet the NTP eligibility criteria
- Assume that under a **more targeted approach, 10% of pupils** who meet the income-related eligibility criteria would receive tutoring
- 15 hours of tutoring** per year calculated at an **hourly cost of £23.50**, totaling £352.43² per pupil per year, adjusted for inflation to **£404**
- Assume the government would subsidise **75% of the cost** of tutoring

Proposed policy cost and potential variations
 Academic year 2024/25



Note: All figures are for academic year 2024/25; *all numbers are rounded to nearest 10,000; all policies assume no additional cost associated with policy implementation; Beneficiaries refer to pupils
 1. Sutton Trust, "Tutoring: The New Landscape", 2023; 2. Based on Education Endowment Foundation, "Evaluation of Year 1 of the Tuition Partners Programme", 2022



Attainment | Extend free school meals to all pupils in households on Universal Credit

Proposed policy
 Extend eligibility for free school meals (FSM) to all pupils in households on **Universal Credit**. Ensure all low-income children have access to free meals by removing the existing income cap for Universal Credit households from the FSM eligibility criteria

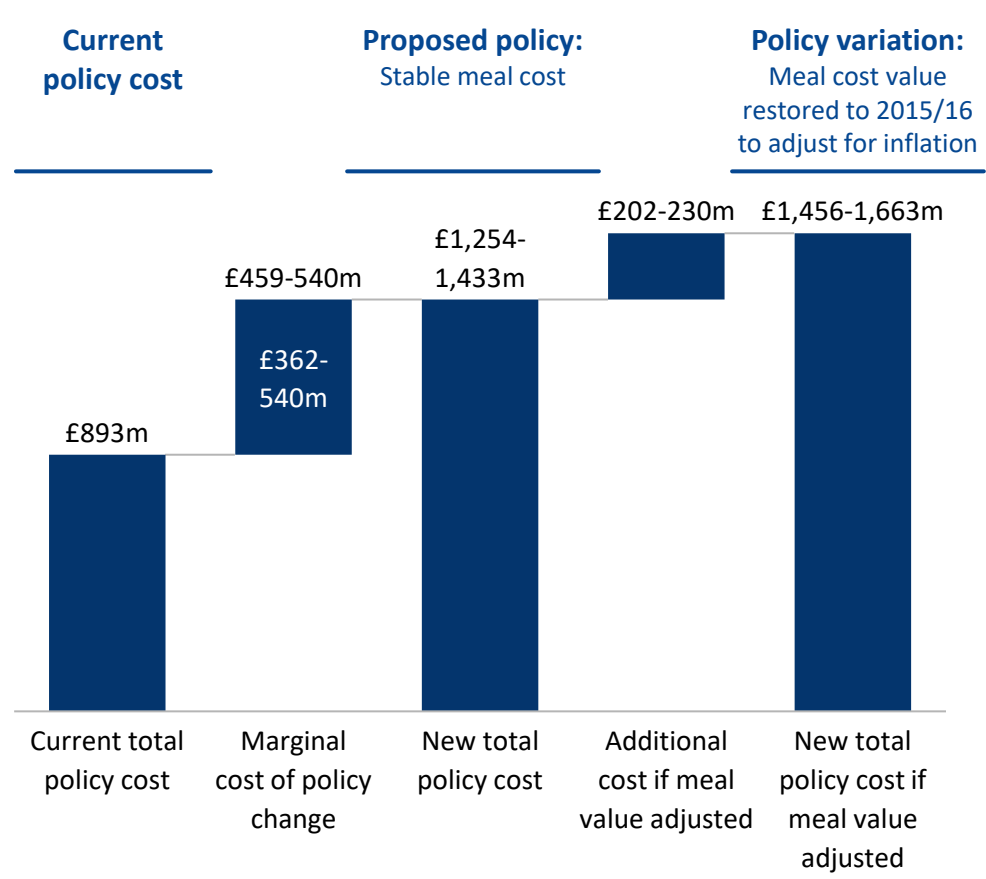
- Policy benefits**
- The income cap **has been frozen in cash terms** since 2018-19, which means a substantial proportion of pupils whose families are entitled to Universal Credit are not eligible for free lunches¹
 - Children cannot learn effectively when hungry** – expanding FSM eligibility is an important lever to **narrow the attainment gap**

Costing summary*

Policy change costs (run, 2024/25)	£360 – 540 million²
Number of beneficiaries (2024/25)	0.7 – 1.1 million
Strength of assumptions	High
Unit of intervention	Pupils (via school)

- Methodology and key assumptions**
- Over **2.4 million children** in households on Universal Credit
 - Approximately 70-90%** of pupils receiving free school meals are also on Universal credit, estimated based on the number of people receiving Universal Credit relative to the number of people receiving other benefits which impact their children's eligibility for FSM
 - Annual **cost of providing meals per pupil of £490³**
 - Capital cost of ~£100³ per pupil**, adjusted for inflation to **£131**

Proposed policy cost and potential variations
 Academic year 2024/25



Note: All figures are for academic year 2024/25; *all numbers are rounded to nearest 10,000; all policies assume no additional cost associated with policy implementation; Beneficiaries refer to pupils
 1. Sutton Trust, "Closing the attainment gap", 2024; 2. With additional £97-144M capital cost in year 1; 3. Cost for academic year 2014/15 estimated by the Institute for Fiscal Studies based on the Department for Education allocation for the capital cost to support improvements to school kitchens and facilities when universal infant free school meals were introduced in 2014; see: IFS, "The policy menu for school lunches: options and trade-offs in expanding free school meals in England", 2023



Attainment | Expand the Levelling Up teacher premium to additional in-demand subjects in disadvantaged schools

Proposed policy

Expand the **Levelling Up premium to additional in-demand subjects** and enhance premium amount for most disadvantaged schools as **a third of schools serving the most disadvantaged communities** report they are not currently well-staffed.¹ A premium is currently available for teachers in eligible state-funded secondary schools only for chemistry, computing, mathematics, and physics, for their first 5 years of teaching²

Policy benefits

- Effects of high-quality teaching are **especially significant for pupils from disadvantaged backgrounds**: over a school year, pupils gain 1.5 years' worth of learning with very effective teachers, compared with 0.5 years with poorly performing teachers³

Costing summary*

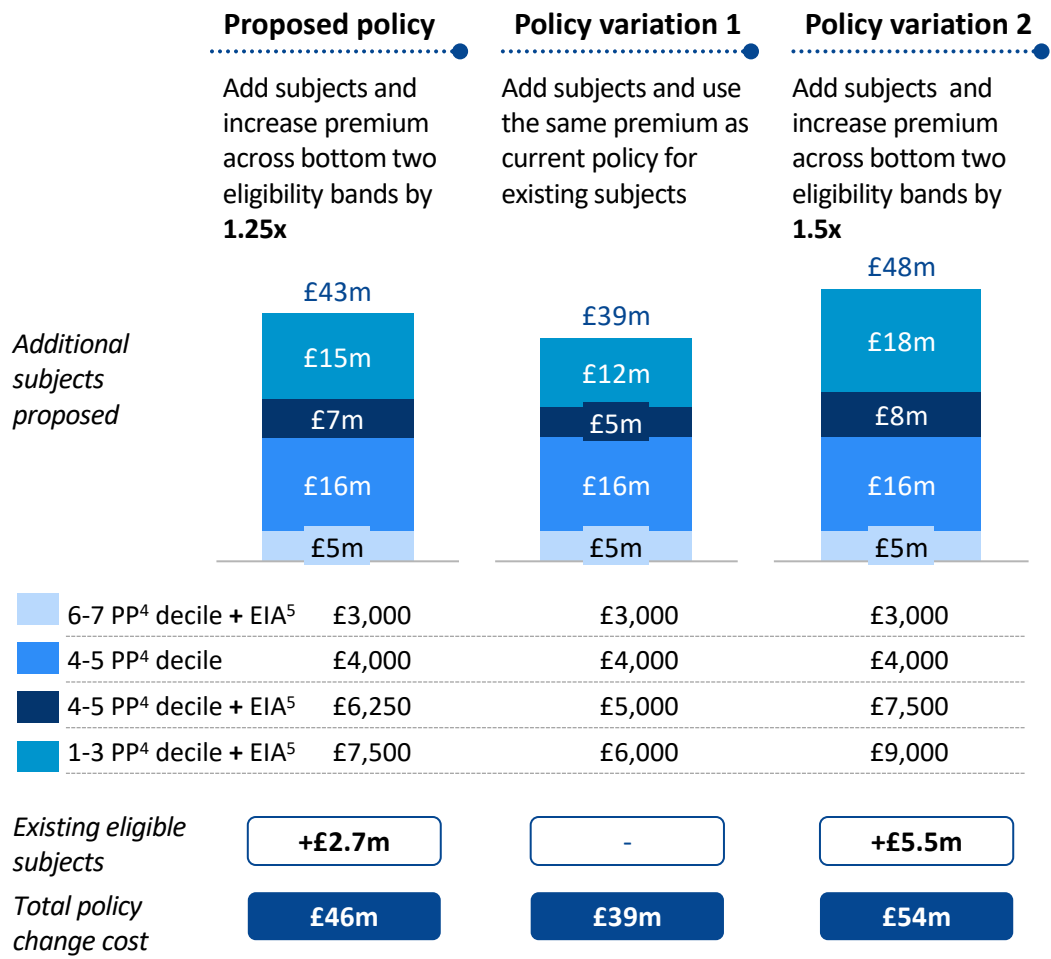
Policy change costs (run, 2024/25)	£50 million
Number of beneficiaries (2024/25)	200,000
Strength of assumptions	High
Unit of intervention	Teachers

Methodology and key assumptions

- English, Modern Foreign Language, Geography, Biology** are additional subjects with high teacher vacancies and demand³
- Approximately 15,000 teachers across these subjects**, of which **9,000** eligible for a premium based on the criteria of existing policy:
 - 6-7 pupil premium decile + EIA⁵: £3,000
 - 4-5 pupil premium decile: £4,000
 - 4-5 pupil premium decile + EIA⁵: £6,250
 - 1-3 pupil premium decile + EIA⁵: £7,500
- Premium is offered annually for teachers in the first **5 years of teaching**

Proposed policy cost and potential variations

Academic year 2024/25



Note: All figures are for academic year 2024/25; *all numbers are rounded to nearest 10,000; all policies assume no additional cost associated with policy implementation; Beneficiaries refer to pupils
 1. Sutton Trust: the recruitment gap; 2. Gov. UK – Levelling up premium payments for school teachers; 3. Based on analysis of existing government teacher training incentives and 2022/23 teacher vacancies; 4. Pupil Premium; 5. Education investment area



Apprenticeships | Reimburse employers for off-the-job training

■ Apprentices under 19 years' old ■ Apprentices 19-24 years' old

Proposed policy

Re-imburse employers for off-the-job training hours for apprentices under the age of 19 to **incentivise more employers to offer apprenticeships**

Policy benefits

- Potential to **increase the supply of apprenticeships**
- Apprenticeships can have **positive impacts on lifetime earnings**, with the best apprentices expected to earn £50,000 more than graduates¹
- ~95% of apprentices reported **at least one positive impact on their job prospects** since starting or completing their apprenticeship²

Costing summary*

Policy change costs (run, 2024/25)	£50 million
Number of beneficiaries (2024/25)	70,000
Strength of assumptions	Medium
Unit of intervention	Employer

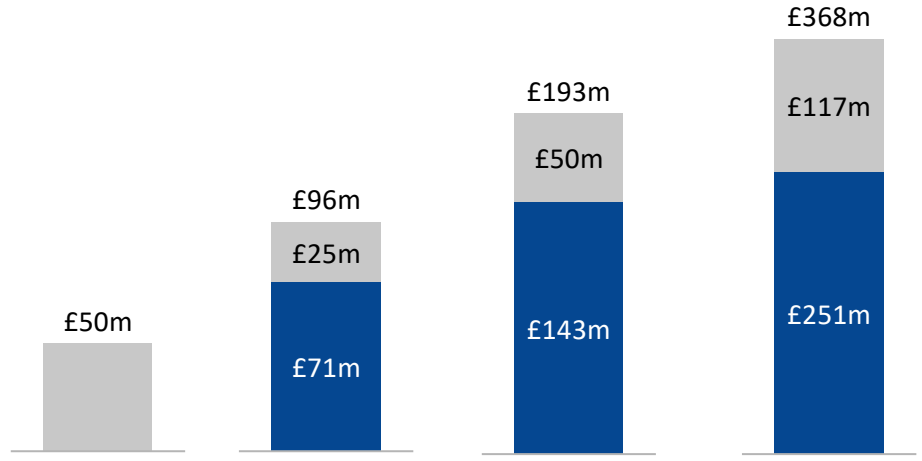
Methodology and key assumptions

- Over **70,000 apprentices under 19** eligible
- Subsidy size proxied to be equal to minimum apprentice wage (**£7.50** for apprentices under 19, **£10.02** for those aged 19-24³)
- Number of hours apprentices spend in training in each age group calculated based on average total length of an apprenticeship
- Assume policy will **increase apprentice starts** proportionally to the 2021 £3,000 subsidy⁴, adjusted for subsidy size and number of eligible apprentices
- Assume **73%⁵ of apprentices under 25 are new** to employers

Proposed policy cost and potential variations

Academic year 2024/25

- Proposed policy**
Subsidise **100%** of the minimum apprentice wage for **below 19 only**
- Policy variation 1**
Subsidise **50%** of the minimum apprentice wage for all **below 25**
- Policy variation 2**
Subsidise **100%** of the minimum apprentice wage for all **below 25**
- Policy variation 3**
Subsidise **100%** of the **average non-apprentice wage** (cost of backfilling)



Note: All figures are for academic year 2024/25; *all numbers are rounded to nearest 10,000; all policies assume no additional cost associated with policy implementation; Beneficiaries refer to apprentices
 1. Sutton Trust, "Apprenticeships"; 2. Gov.uk, "Apprenticeship Evaluation Survey", 2021; 3. Based on minimum wages set by the government for the age groups i) under 18, ii) 18-21, and iii) over 21; 4. The £3,000 incentive was introduced for employers recruiting a new apprentice from 1st April 2021 to 31st January 2022, regardless of the age of the apprentice and led to a 6% increase in the number of apprentice starts; see Government Social Research, "Apprenticeships Evaluation 2021 - Employer", 2022; 5. According to a Sutton Trust survey, 27% of those aged between 16 and 24 were already working for their apprenticeship employer when the apprenticeship began

Apprenticeships | Enhance employer subsidies for new apprentices; Expand care-leaver bursary eligibility

11 Enhance employer subsidies for new apprentices

12 Expand care-leaver bursary eligibility

Proposed policy

Increase the £1,000 subsidy to **£3,000 for new apprentices** i) under 19, ii) 19-25 and previously in care, and iii) 19-25 on Education, Health and Care (EHC) plans. Additionally, launch a **new £3,000 subsidy** for new apprentices previously eligible for Free School Meals (FSM)¹

Extend **£3,000 apprenticeship bursaries** eligibility to apprentices under 25 who were **eligible for FSM** at age 16 to incentivise apprenticeship participation among low-income students and increase apprenticeship completion rates

Policy benefits

- Potential to **increase the supply of apprenticeships**
- Apprenticeships can have **positive impacts on lifetime earnings**, with the best apprentices expected to earn £50,000 more than graduates²
- ~95% of apprentices reported **at least one positive impact on their job prospects** since starting or completing their apprenticeship³

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- ~95% of apprentices reported **at least one positive impact** on their job prospects since starting or completing their apprenticeship³
- Expanding stipends may have a **positive impact on completion rates**⁸

Costing summary*

Policy change costs (run, 2024/25)	£140 – 160 million
Number of beneficiaries (2024/25)	60,000 – 70,000
Strength of assumptions	Medium
Unit of intervention	Employer

Policy change costs (run, 2024/25)	£50 – 100 million
Number of beneficiaries (2024/25)	20,000 – 30,000
Strength of assumptions	Medium
Unit of intervention	Apprentice

Methodology and key assumptions

- Current subsidy of £1,000⁴ should be increased to **£3,000**
- **60,000-70,000 apprentices** eligible: **10-21%** eligible for free school meals⁵, **5%** on EHC, **1.5%** previously in care
- Assume policy will **increase apprentice starts** proportionally to the 2021 £3,000 subsidy⁶, adjusted for different number of eligible apprentices
- Assume **73%⁷ of apprentices under 25 are new** to their employer

- Over **160,000 apprentices under the age of 25**, with **10-21% eligible for free school meals**⁵
- Assume new policy will offer the current bursary amount of **£3,000**⁴
- Assume policy would not drive a net increase in the number of apprentice starts

Note: All figures are for academic year 2024/25; *all numbers are rounded to nearest 10,000; all policies assume no additional cost associated with policy implementation; Beneficiaries refer to apprentices
 1. Free school meals; 2. Sutton Trust, "Apprenticeships"; 3. Gov.uk, "Apprenticeship Evaluation Survey", 2021; 4. Gov.uk, "Employing an apprentice"; 5. Low range based on previous Sutton Trust analysis of Individualised Leader Records Database; high range based on KS4 destination measures data; 6. The £3,000 incentive was introduced for employers recruiting a new apprentice from 1st April 2021 to 31st January 2022, regardless of the age of the apprentice and led to a 6% increase in the number of apprentice starts; see Government Social Research, "Apprenticeships Evaluation 2021 - Employer", 2022; 7. According to a Sutton Trust survey, 27% of those aged between 16 and 24 were already working for their apprenticeship employer when the apprenticeship began; see: Sutton Trust, "Apprenticeship Outreach: Engaging with under-represented groups to improve social mobility", 2021; 8. Expected positive impact on completion rates based on anecdotal evidence; no research has been published as of 2024

Apprenticeships | Ringfence a share of the apprenticeship levy for younger apprentices

Proposed policy

Ringfence a proportion of levy funding at the employer level to apprentices under the age of 25 to incentivise employers to hire younger apprentices, and increase opportunities for younger students to take up apprenticeships

Policy benefits

- Potential to drive a **greater number of under-25s completing apprenticeships**
- Apprenticeships can have **positive impacts on lifetime earnings**, with the best apprentices expected to earn £50,000 more than graduates¹
- ~95% of apprentices reported **at least one positive impact** on their job prospects since starting or completing their apprenticeship²

Costing summary*

Policy change costs (run, 2024/25)	n/a ³
Number of beneficiaries (2024/25)	40,000
Strength of assumptions	Medium
Unit of intervention	Employer

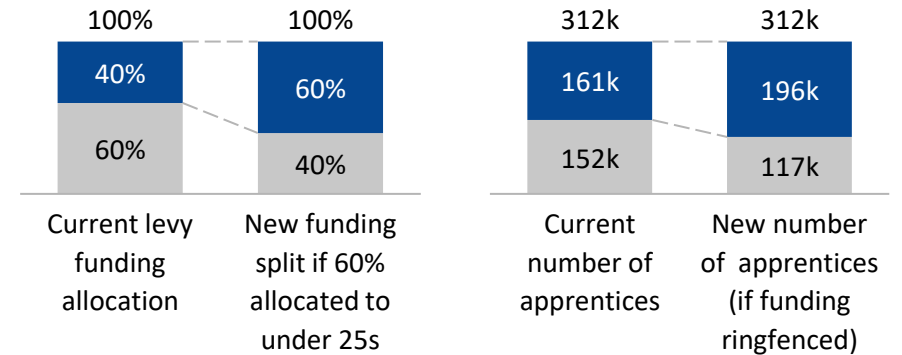
Methodology and key assumptions

- Over **310,000 apprentices**, ~50% of whom are over the age of 25
- Assume a **reallocation of levy funding** towards younger apprentices would drive a proportionate increase in the number of younger apprentices
- Assume the overall number of apprentices would not increase due to policy implementation, and that the number of those under 25 would grow as a proportion of the total number of existing apprentices

■ Under 25s ■ 25+

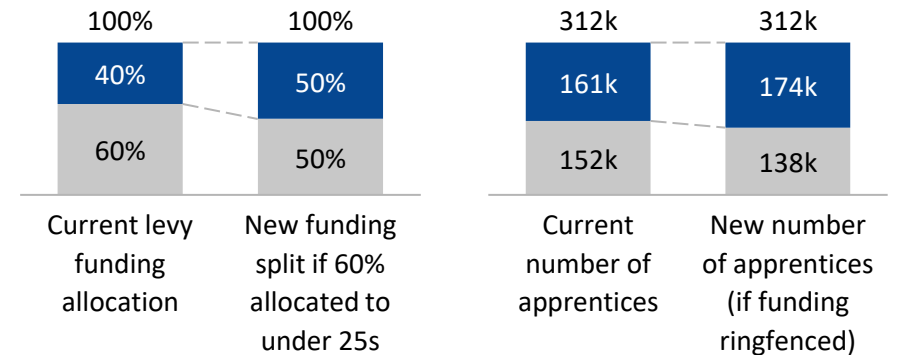
Proposed policy: Ringfence 60% funding for under-25s

Levy-funded higher apprenticeships, Academic year 2024/25



Policy variation: Ringfence 50% funding for under-25s

Levy-funded higher apprenticeships, Academic year 2024/25



Note: All figures are for academic year 2024/25; *all numbers are rounded to nearest 10,000; Beneficiaries refer to apprentices
 1. Sutton Trust, "Apprenticeships"; 2. Gov.uk, "Apprenticeship Evaluation Survey", 2021; 3. Policy proposes a reallocation of existing funding.

