

REPORT TO THE WORCESTERSHIRE SCHOOLS FORUM (WSF)
POCKETS OF DEPRIVATION

1. PURPOSE

1.1 To advise the WSF on the possible allocation of the Ministerial priorities funding included in the DSG for Pockets of Deprivation.

1.2 To consider potential allocation methodologies within the ISB for 2008-11.

2. BACKGROUND

2.1 At its meeting on 6th December 2007 the WSF were advised of the indicative DSG amounts for the period 2008-11.

2.2 In setting these, the DCSF used their own pupil number projections, together with a basic level of DSG increase of the MFG plus some headroom. This then left some DSG resource to be allocated to LA's via Ministerial priorities one of which was for Pockets of Deprivation.

2.3 In taking final decisions on the shape of their funding formulae, LA's should take into account the funding for Ministerial priorities used over and above the basic per pupil increase in DSG:

3. POCKETS OF DEPRIVATION

3.1 In 2008/09 a national sum of £40m has been allocated by the DCSF to this Ministerial priority. The share allocated to WCC amounts to £1.576m. This amount will not be adjusted by the DCSF for actual pupil number changes during the period.

3.2 Over the summer, the DCSF developed a new measure of deprivation, using data on Tax Credits from HMRC, cross-referenced to pupil postcodes. Its use means that the DCSF are better able to reflect the circumstances of the children in an authority's schools, rather than deprivation for the children who live in an authority. This will mean, for example, that where pupils from deprived backgrounds cross local authority boundaries to go to school in a less deprived authority, this will be reflected in the funding the authority receives. The indicator has been used to distribute the £40 million increase in funding for pockets of deprivation in 2008-09. This resource has been distributed to LA's who are in the bottom third least deprived in overall terms and have pupils from areas where 80% or more of pupils come from deprived backgrounds.

3.3 Given the DCSF analysis of the costs of deprivation this resource has been included in their calculation of that share of the DSG related to AEN. So for WCC this has increased from 8.2% in 2007/08 to 8.6% in 2008/09. Therefore, there is an expectation that LA's receiving this resource will allocate it to schools on social deprivation factors in their local funding formulae.

3.4 It is important to note that this Ministerial priority amount will **not** be adjusted by the DCSF for the effect of data number changes. So it is assumed by the DCSF to be available.

3.5 This issue needs to be viewed in line with the: -

- The national agenda and requirements for reviews for funding the costs of Social Deprivation;
- Ensuring that deprivation funding in the DSG is properly reflected in the local funding formulae;
- Ensuring there are strategies in place to support the Government's aim to narrow the attainment gap;
- The detailed work and considerations of the WSF Deprivation Sub-group;
- The outcomes of the Fair funding consultation relating to Social Deprivation supporting a new formula factor based upon ACORN data.

3.6 In deciding how to distribute this funding, LA's and their Schools Forums are requested to consider how to target the funding at their most deprived schools e.g. by the introduction or not of a new deprivation indicator into their funding formula specifically for this funding and they may wish to consider whether a threshold would be a way of ensuring that this funding is targeted differentially at their most deprived schools.

3.7 In looking at this issue there are certain factors to consider: -

- The scope of the DSG to fund this element after the requirement to satisfy the statutory MFG increase for all schools;
- The indicative DSG being allocated on DCSF pupil projections the actual DSG is likely to be significantly less e.g. 2008/09 indicative £283.358m (75,992 pupils) against WCC estimate £280.491m (75,220 pupils) – a potential reduction of £2.867m – which will impact significantly on available headroom for development;
- Areas for consideration for further funding identified through the Autumn Term 2007 consultation i.e. the use of ACORN data;
- Continued data robustness and future availability.

3.8 At its last meeting the WSF requested some further work in this area. The development of a formula model has been developed in line with the following principles: -

- The basis of the allocation has been received on areas where a higher proportion of the pupils are deprived backgrounds and the DCSF inference that LA's in receipt of this resource needing to consider targeting at such pockets.
- The use of ACORN data at an individual pupil not whole school level (Note – ACORN data is currently used at a whole school level as part of the formula for Pupil and School Support).
- Resources to be targeted at pupil cohorts in 'deprivation pockets' and by inference to a small number of key qualifying schools and not seen as a general resource targeted to a significant number of schools (Note – the existing social deprivation factor based on FSM entitlement achieves this via the use of a threshold of % of school roll).
- Consider the impact of increasing numbers of pupils from deprived backgrounds.

3.9 The development work has been discussed as agreed with designated HT colleagues.

4. ACORN DATA

4.1 The ACORN data gives an analysis across 1 to 56 ACORN types and ACORN Groups A (Well Executives) to Q (Inner City Adversity) from the least to the most deprived. A summary of the groupings is at the attached Appendix. Every postcode is allocated an ACORN type and group.

4.2 It has been possible to obtain individual pupil records for the Autumn Term 2007, detailing the individual post-code of the home address for all pupils in WCC schools living both in and out of County. This has then been linked to the school they attend, with the result being ACORN types for individual pupils in individual schools.

4.3 In formulating any funding model the data set is crucial. It must be noted that the use of ACORN is potentially restricted by: -

- The data provider and continued data availability;
- A minor amount of the individual pupil data not being able to be categorised into an ACORN type of group;
- The data being from a source external to WCC, being collected only once per year and being retrospective i.e. Autumn Term for next financial year.

4.4 Two **initial models** were developed using this data as follows: -

(a) Model 1

Methodology

ACORN types 37 and above for Groups K to M (Moderate Means) and N to Q (Hard Pressed) receive a per pupil amount on a sliding scale e.g. type 37 £25 per pupil to type 57 £125 per pupil.

Implications

This allocates £1.61m and although targeting at the higher levels of ACORN the spread is very wide covering 232 schools. The minimum allocation to some schools being only £60.

(b) Model 2

Methodology

ACORN types 44 and above for Groups N to Q (Hard Pressed) receives the same per pupil amount of £90 per pupil.

Implications

This allocates £1.58m and although targeting at the highest level of ACORN the spread is very wide covering 227 schools. The minimum allocation to some schools being only £90.

(c) On the basis of this not fully readily satisfying the principles the working group considered further models using a % of the school roll as a qualifying threshold.

(d) Further Models

Methodology

Step 1

- Calculate the number of pupils with an ACORN type of 44 or above (Hard Pressed).

Step 2

- Calculate the % of the school roll at 10% (Model 3), 15% (Model 4) and 20% (Model 5).

Step 3

- If Step 1>Step2 then allocate a per pupil amount of £94 (Model 3), £102 (Model 4) and £115 (Model 5) for all pupils at ACORN type 44 and above;
- If Step1<Step2 then no allocation.

Implications

The results are summarised in the table below: -

DETAIL	MODEL 3	MODEL 4	MODEL 5
Resource Allocated	£1,567,074	£1,562,742	£1,569,290
Number of Schools	151	126	101
Per Pupil Amount	£94	£102	£115
Maximum Allocation	£940	£1,530	£2,415
Minimum Allocation	£46,154	£50,082	£56,465
MFG Pupil %	78%	65%	52%

4.5 There will be modeling available at the WSF meeting to support this agenda item.

4.6 The impact on the MFG of this potential change needs to be considered. If additional resource is to be allocated for Pockets of Deprivation as detailed, for individual schools to see the full benefit in 2008/09 then the new factor must be considered for exclusion from the MFG in 2008/09 only. As this is likely to affect more than 50% of pupils measured by the number of pupils in the schools affected this will require agreement from the Secretary of State.

5. RECOMMENDATIONS

5.1 The WSF notes the work completed as requested.

5.2 The WSF agrees on the principles for allocating the headroom subject to the constraints of the MFG and final DSG as described.

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