

## Education Walsall

### Schools Forum

### Deprivation Funding

October 2006

#### Child Poverty: Fair Funding for Schools

1. Members of the Forum will recall that all Local Authorities were requested to submit a statement in May 2006 of mechanisms used to provide funding to schools in response to deprivation. The Deprivation Statements were published in August, their publication being part of the Government's intention that funding for schools should be based on the assessed cost of deprivation and should focus on 'narrowing the gap'
2. The amount of money made available in Walsall through the Dedicated Schools Grant for deprivation is calculated as £21m. Details of the calculation are contained in Appendix 1 to this report. Our Deprivation Statement identified £1.6m as funding driven out on deprivation factors.
3. Our Deprivation Statement did not include the hypothecated amounts in the budget for Personalisation (SSGP). When these elements are included in the calculation, the amount of resource driven out to schools to redress the effects of deprivation increases to almost £2.3M. This figure is still short of the £21m identified in the Deprivation Calculator.

Our Deprivation Statement did not include elements of funding for SEN pupils. Several other Authorities included spending on pupils with special needs, or pupils receiving their education in Pupil Referral Units in their statements. Our Schools Forum needs to reach a view on the extent to which the instance of learning, behavioural or physical difficulties correlate with deprivation.

4. There is an expectation that that the Schools Forum will play a significant part in a full and systematic review of local arrangements for deprivation funding. The aim is that we: *'...consider the extent to which [local arrangements] deliver resources to schools to cover the cost of deprivation in a way that best supports schools to close the gap in pupil outcomes. ...'*
5. Local Authorities are expected to have completed their comprehensive review of Deprivation Funding before the three year spending review scheduled for 2008 takes effect.
6. There is considerable variation in the mechanisms Authorities use to identify aspects of deprivation for funding purposes. Many, like

Walsall, use entitlement to Free School Meals (FSM) as a proxy indicator. The *Technical Review of Deprivation* provides a useful summary of research instruments available and a critique of their performance in operation. [The *Technical Review* is available on Teachernet, and some hard copies will be available at the meeting]

7. The publication of the Deprivation Statements from other Authorities allows us to examine ways in which statistical neighbours have allocated funding for deprivation. This will be of interest, given the similarities in the socio-economic make up of the Authorities and the similarity in the challenges they face, to improve school standards and pupil achievement.
8. Technological advances have now made it possible to collect data in very specific ways. Not only is it possible to collect data at Ward level and post-code level, it is also possible to break Wards down into Super Output Areas, or Lower Super Output areas. Lower Super Output areas provide information on roughly 1500 people (aged 18 and over). Data calculated at lower super output level is therefore precise. But in arriving at an acceptable description of deprivation, we need to look at the pitfalls of favouring any one method. Here are some of the dilemmas.

#### Proxy Measures or Direct Measures

Eligibility for Free School Meals can act as a proxy measure of poverty, as eligibility is linked to receipt of Income Support. However as a proxy indicator, FSM does not pick up pupils from families whose income is just above the income support level.

The number of children at School Action or School Action Plus provides a direct measure, as it is pupil specific. However this measure is not nationally moderated and could provide the basis for a 'perverse incentive'.

#### Pupil Indicators or School Indicators Vs. Area indicators

Most people would agree that deprivation funding should relate to the areas pupils come from, rather than the location of a school building. Area measures of deprivation for pupils can vary, depending upon rurality, or small concentrations of deprivation in an urban population, sometimes experienced where there is a transitory population.

#### Geo-Demographic measures

Commercial organizations have developed some classifications, notably ACORN and MOSAIC. These measures build on statistics collected by the government's Index of Multiple Deprivation (IMD) by adding information from consumer surveys et cetera. These measures are useful but they are calculated on households, not all of which will contain children.

9. None of these indicators will have any particular value if they are not balanced against pupil achievements and measures of Contextual Value Added (CVA). The government's stated intention is to narrow gaps in pupil achievement. For any descriptor of deprivation chosen it must be possible to relate it to CVA, for the results to be transparent and objective, and for the information to be as up to date as is practicable.
10. The reason for a full and systematic review of funding is to raise standards. In Walsall we are potentially looking at a redistribution of £21m. This will inevitably cause turbulence in some schools. We need to ensure that proposals take note of other funding streams, designed to redress the effects of deprivation (like New Deal) and we need to ensure that all Walsall schools can continue to drive up standards: there can be no argument for closing the gap for some schools at the expense of the decline of others.
11. Schools should be able to include in their Self Evaluation how they are using funds to combat child poverty and provide fair educational opportunities for all of their pupils.

### **Recommendation**

**It is recommended that the Forum convene a working group of Primary, Secondary and Special School Headteachers, and Forum members, to draw up proposals for wide consultation on the mechanism to be adopted in Walsall for the distribution of funding linked to deprivation.**

**The preliminary report of the Working Group should be presented to the Schools Forum at their meeting in March, 2007.**

## Summary of Deprivation Funding in DSG Settlement 2006

The DfES technical data detailing the calculation of the DSG ( Direct Support Grant) for Walsall indicates that within our 2006 funding some 21.48 million is based on deprivation.

The sum comprises of:

**Basic allocation of 20.76 million** – calculated by multiplying the DSG for 2006 by percentage of deprivation funding included in our EFSS (Education Formula Spending Share) for 2005/2006, 13.4%.

**Key Stage 3 Personalised Learning – 333K.** This figure represents the deprivation portion of the targeted 878K funding for personalised learning in secondary schools.

**Primary Schools Personalised Learning – 250K.** This figure represents the deprivation portion of the targeted 661K funding for personalised learning in the primary sector.

**Additional Funding up to formula share – 130K.** An additional allocation bringing our funding up to our calculated formula share.

The application of our funding formula for 2006/2007 distributes funds on the basis of deprivation through:

**Social Deprivation Factor - 1.6 million**

**Personalised Learning Factor - 307K** to the secondary sector  
- **231K** to the primary sector

In addition, delegated funding allocated on the basis of special need totals some **11.1 million**, including 2.7 million statementing provision and 8.4 million for school action and action plus through the Core and Additional Level 1 funding factors. Funding provided to special needs units sited in a number of our schools adds a further **1.4 million**.

Centrally retained funding for special needs has been budgeted at 2.6 million.

In summary:

DSG indicatively identifies deprivation funding as 21.48 million

Funding delegated, should SEN be included, 14.64 million

Centrally retained SEN funding 2.6 million.