

### RBWM consultation on Changes to Deprivation Funding 2018/2019

#### DEADLINE FOR RESPONSES – 11<sup>th</sup> JANUARY 2019

##### Background papers

- ACORN is a classification that segments the UK population. By analysing demographic data, social factors, population and consumer behaviour  
<https://acorn.caci.co.uk/>
- Early Years Entitlements: Local Authority funding of providers – operational guide 2018-2019  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/682452/Early\\_years\\_entitlements-Operational\\_guide\\_2018\\_to\\_2019.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/682452/Early_years_entitlements-Operational_guide_2018_to_2019.pdf)

##### Key Principles for Changing the Deprivation Banding

The Government is keen to ensure that the vast majority of early years funding is passed on to providers rather than retained centrally.

The key principles which underpin the change in funding proposals to the deprivation rates are to:

- Maximise funding to the front line providers.
- Allocate funding fairly both to LAs and to different types of provider.
- Distribute funding efficiently and effectively to ensure value for money.
- Ensure transparency so LAs and providers can understand how their funding rates are calculated.
- Target effectively additional funding at those children who need it.
- Allow adequate time to transition to the new funding arrangements.
- To align with local priorities to support deprivation and inclusion.

##### Current Position of Deprivation Funding

RBWM currently funds pupils using pupil's postcodes to measure their level of deprivation by using the ACORN index of deprivations (Table: 1). Our current formula currently allocates funding to those pupils who live in areas of highest deprivation which are bands 4 and 5. Depending on the percentage of pupils in bands 4 and 5 each setting is then categorised as having high, medium, low or no deprivation see table 2.

All local authorities have to set a base hourly rate which is the same for all types of provider.

**Table 1: Acorn banding categories**

Category 1	Wealthy Achievers
Category 2	Urban Prosperity
Category 3	Comfortably off
Category 4	Moderate Means
Category 5	Hard Pressed

**Table 2: Current RBWM funding formula on Acorn banding**

Base hourly rate	£4.30
Deprivation High >49% of children in Acorn 4 and 5	£0.27
Deprivation Medium 25%-49% of children in Acorn 4 and 5	£0.18
Deprivation Low 10%-24% of children in Acorn 4 and 5	£0.09

**RBWM is proposing to introduce either of the following for all providers from 1<sup>st</sup> April 2019.**

**1. Model 1: Introduce category 3 to the deprivation formula and increase the rates by 18% to ensure more pupils receive the funding**

Model one is to increase the deprivation rates by 18%. Deprivation includes the pupils in ACORN banding 3, 4 and 5 and funded by high, medium and low using according to the percentage of pupils that fall into each band in each setting.

	Current Rate	Increased rate by 18%
Deprivation High >49% of children in Acorn 3, 4 and 5	£0.27	£0.32
Deprivation Medium 25%-49% of children in Acorn 3, 4 and 5	£0.18	£0.21
Deprivation Low 10%-24% of children in Acorn 3, 4 and 5	£0.09	£0.11

This model doubles the no of eligible pupils that can attract funding from 26% to 54%.

**2. Model 2: Introduce category 3 to the current deprivation formula and increase the base hourly rate to £4.34 to ensure more pupils receive the funding**

Model two is to increase the Base Hourly Rate by 0.82% from £4.30 to £4.34 and to include pupils in ACORN bandings 3, 4 and 5 but maintain current deprivation rates for the high, medium and low according to the percentage of pupils that fall into each band in each setting.

	Current Rate	Increased Hourly Base Rate
Base Hourly Rate	£4.30	£4.34
Deprivation High >49% of children in Acorn 3, 4 and 5	£0.27	No Change
Deprivation Medium 25%-49% of children in Acorn 3, 4 and 5	£0.18	
Deprivation Low 10%-24% of children in Acorn 3, 4 and 5	£0.09	

When compared to model 1, the settings that attract the most additional funding are those that either have a large cohort of pupils or are the settings with no, low or medium levels of deprivation.

RBWM is committed to go out to consultation on the change to the way that it allocates funding for deprivation and would ask you to complete the short online survey to express your preference to which model you as a setting would prefer RBWM to implement on 1<sup>st</sup> April 2019:

**Model 1:** Introduce category 3 to the deprivation formula and increase the rates by 18% to ensure more pupils receive the funding.

**Model 2:** Introduce category 3 to the current deprivation formula and increase the base hourly rate to £4.34 to ensure more pupils receive the funding.

**Consultation Question:**

For 2019-20 do you support model 1 or 2?

<b>Model</b>	<b>Yes / No</b>
One	
Two	
Not Sure	

A central email address will be circulated for consultation responses to be sent to.

THANK YOU for your time in completing this consultation. Your feedback is most appreciated.

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