

# Guide to the LEADER Resource Allocation Model

The LEADER Resource Allocation Model (LEADER-RAM) has been jointly developed by Pobal and Trutz Haase – Social & Economic Consultant. It aims at providing an interactive tool for the spatial analysis of existing resource allocations to Local Action Groups (LAG), as well as providing a tool for deriving target allocations based on stated objectives and criteria. The LEADER-RAM does not make decisions, these are made by relevant policy makers and personnel within the Department of the Environment, Community and Local Government (DECLG), but it provides a tool to facilitate such a process in a rational, objective and transparent manner.

The following paragraphs highlight the key features of the LEADER-RAM.

## □ Overview

1. There are four factors which lie at the heart of a rational resource allocation for LAGs:
  - i. the relative size of the target population,
  - ii. the degree of rurality
  - iii. the relative affluence or deprivation of the respective areas, and
  - iv. historical allocations.
2. A measure describing the urban-rural spectrum is provided by the CSO Area Classification (Figure 4).
3. A measure for social disadvantage is provided by the 2011 Pobal HP Deprivation Index (Figure 1).

## □ The Pobal HP Deprivation Index

The Pobal HP Deprivation Index is constructed using a Confirmatory Factor Analysis which combines three underlying dimensions to achieve a balanced measure of relative affluence and deprivation which evenly applies across the urban-rural continuum. The three dimensions are measured using ten indicators from the 2011 Census of Population as shown in Table 1:

**Table 1: The Dimensions and Measurement of the Pobal HP Deprivation Index**

Latent Concept (Dimension)	Measurement Variables from the Census of Population
Social Class	Education, occupation and density of living
Labour Market Growth/Decline	Male and female unemployment rate, lone parent rate and proportion of population in semi- and unskilled occupations
Demographic Growth/Decline	Population change, age dependency rate and education

□ **The LEADER Resource Allocation Model**

1. The population basis is taken from the 2011 Census of Population and the 2011 Pobal HP Deprivation Index. This gives us a reference database for 18,488 Small Areas, the lowest spatial unit at which census data is being made available, with an average of just under 100 households per area.
2. Four population models are postulated, which estimate the number of “poor” people in each SA below various levels of deprivation (Figure 2).
3. The next step is to decide on an appropriate model choice. If resources were to be distributed purely in line with the population shares (i.e. not accounting for differential needs) the resulting resource allocation should entirely be based on the Total Population model. However, if the resource allocation is to acknowledge that poorer people experience greater needs, a combination of the four models should be applied. The steeper the social gradient, the more should the RAM be geared towards the higher deprivation model (Figure 3).
4. The LEADER-RAM presented here is based on the past practice of the Resource Allocation Model for Local Development Companies (LDC); i.e. that the entire allocation ought to be distributed on the Medium Deprivation model. This roughly targets the bottom fifth (22.4%) most disadvantaged population.
5. It should be noted that the choice of model is a normative judgement which ultimately needs to be made by the relevant policy makers and key personnel. However, the process stipulates a clear reference to the underlying assumptions and thus links the chosen model to a set of programme objectives and criteria which are then operationalised within the Resource Allocation Model. The choice of the Medium Deprivation model reflects an understanding that, broadly speaking, about 80 per cent of the Local Action Groups’ work should concentrate on the roughly 20-25 per cent most disadvantaged communities.
6. The next step is to build in the degree of rurality. In the past, this has been achieved by using some cut-off point on an urban-rural classification. This, in our view, leads to unwieldy discussions on where exactly such cut-off point should be placed, particularly as each cut-off point may have disproportionate effects on the allocations to one or other area. Instead, we are proposing to use a refined approach which builds on a sliding scale with entirely rural areas being given the greatest weight and diminishing weights as urbanisation increases. Such approach allows for no area to be “written out”, whilst simultaneously acknowledging the programme’s emphasis on supporting rural communities.
7. The final piece of information used is the 2009-2015 distribution of LEADER funding; i.e. the historical allocations awarded to each LAG and the total budget amount available for LAGs. This information was provided by Pobal and the DECLG.
8. Having established the basic information for each Small Area (SA), the data can then be aggregated to the functional areas. In its present form, presentations are provided for the 34 Local Authority Areas, but any other geography can easily be implemented in similar fashion.
9. Finally, if in some cases the projected allocations are deemed too different from historical allocations, a transitional approach can be adopted where the target distribution is arrived at over successive stages towards the final distribution as indicated by the LEADER-RAM.
10. Figure 5 shows the distribution based on the Medium Deprivation Model and a sliding Rurality weighting assigning a weight of 1 to towns below 10,000 population and a weight of 4 for the most rural areas.

□ **Summary**

1. The 2015 LEADER-RAM strikes a balance between a fairer and more transparent Resource Allocation Model whilst also taking account of historical allocations.
2. The LEADER RAM uses the Medium Deprivation Model which uses the 22.4 per cent most deprived population in the country as a basis for the distribution of resources.
3. The population share deemed disadvantaged within each LAG is calculated by applying the 2011 Pobal HP Deprivation Index to the respective population figures from the 2011 Census of Population. The calculations are executed at the level of Small Areas (there are 18,499 SAs with an average of just under 100 households per SA) and subsequently aggregated to the functional areas of Local Action Groups (LAG).
4. To reflect the emphasis of LEADER on supporting rural communities, a weighting system is introduced which depicts the urban-rural continuum. County Boroughs including their respective suburbs and environs, as well as towns with over 10,000 population are thereby given a zero weighting. Towns with populations between 5-10,000 are given a weighting of 1 and this increases incrementally to entirely rural areas, which are given the highest weighting (4). This approach avoids a hard distinction of what constitutes urban or rural and eliminates the often unwieldy discussions as to whether an area is “in” or “out” of the funding consideration. Instead, it introduces a logical approach in line with the programme’s overall objectives.
5. Finally, the resulting allocations shown in the presentation are the author’s suggestions and are used first and foremost to demonstrate the ability of the RAM to provide robust estimates on a fair and transparent basis. The core of the RAM lies in its approach of (i) forcing the stakeholders to clarify the objectives of the programme (ii) to translate these into a logical weighting system, and (iii) to use known data on population, deprivation and area classification to calculate the resulting allocations.
6. It remains the task of the policy makers to choose the appropriate gradients for each of these parameters in line with the overall programme objectives of supporting social inclusion in Ireland’s rural communities. The calculations are easily executed by the LEADER-RAM.

Figure 1: 2011 Pobal HP Deprivation Index

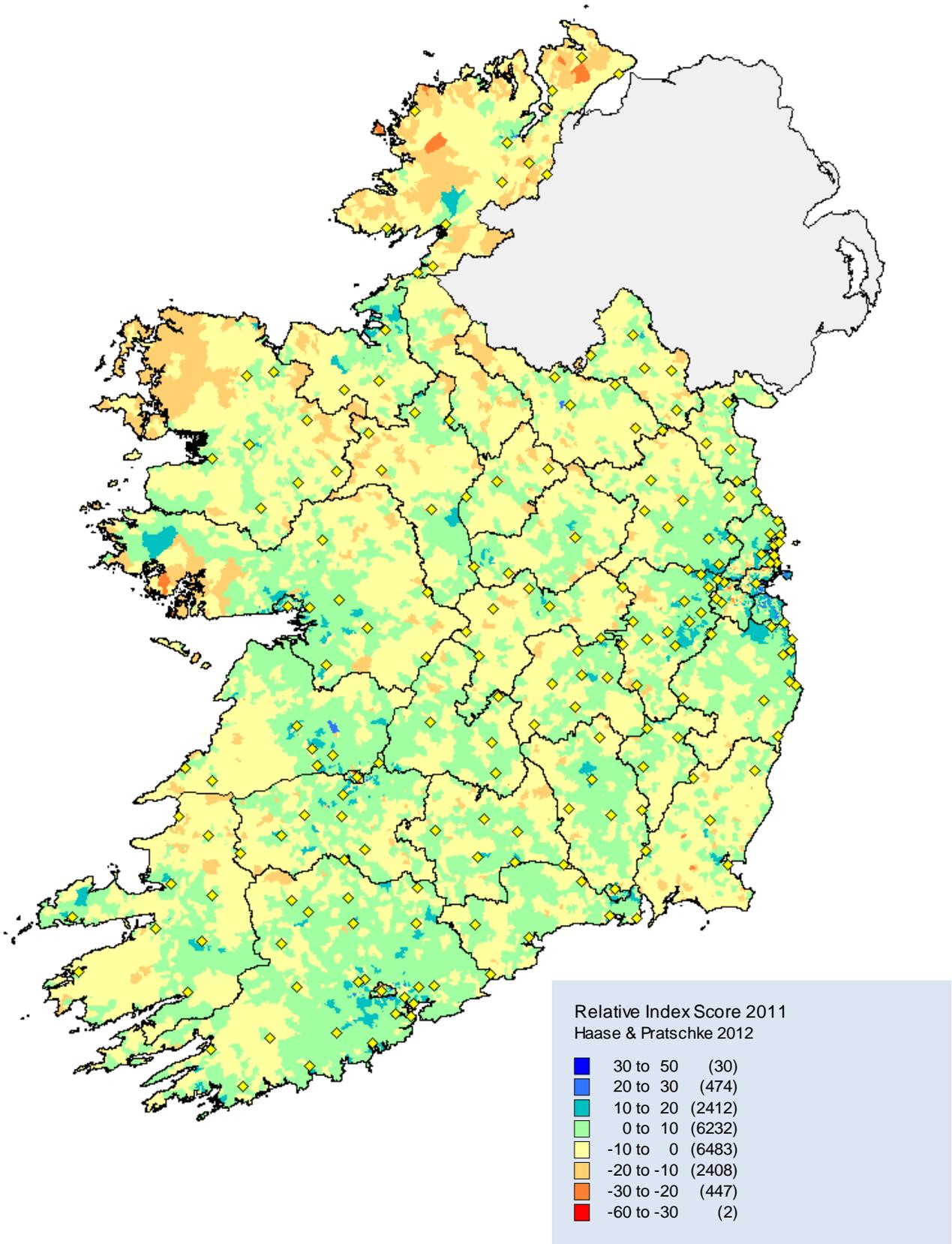
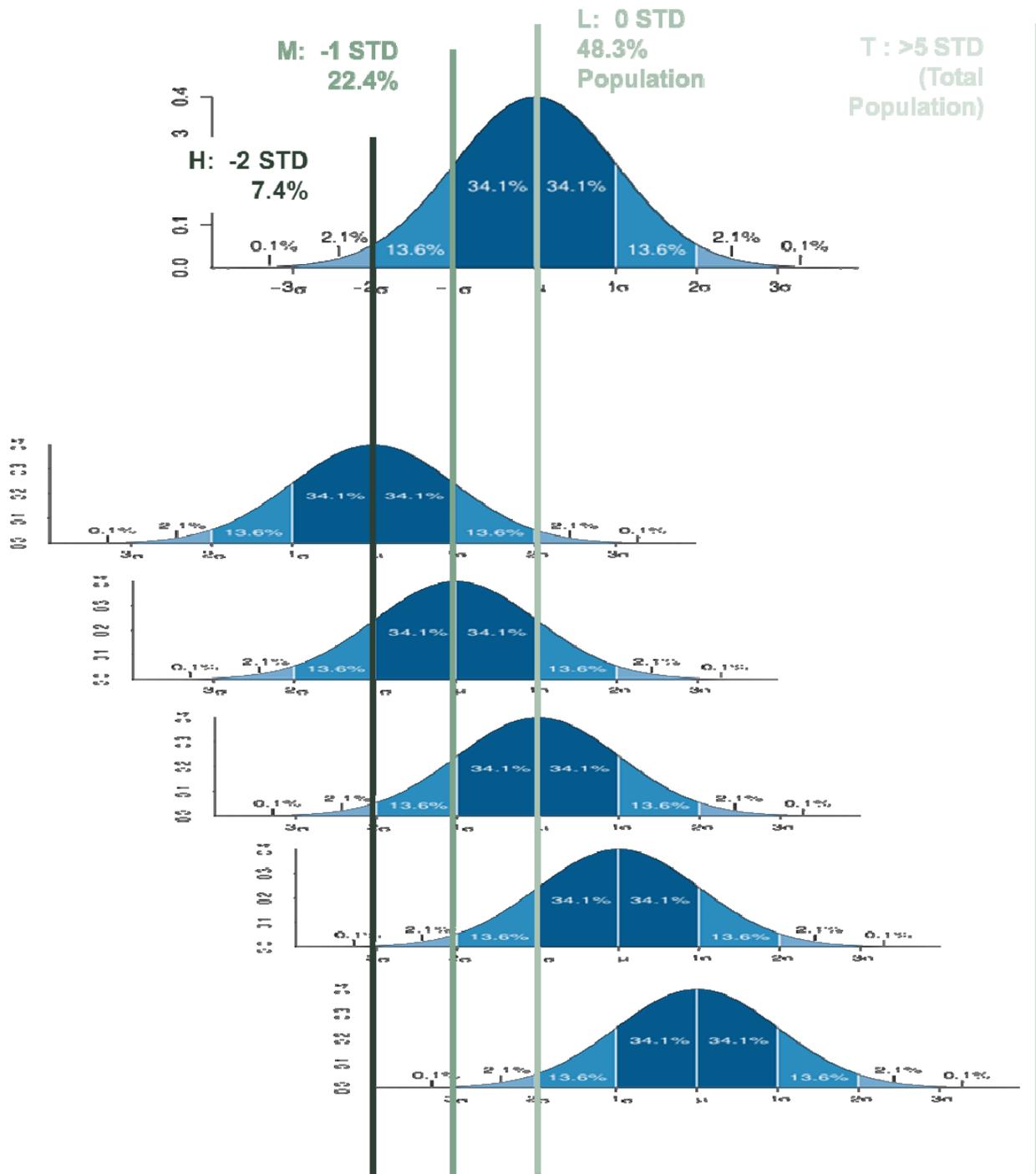


Figure 2: Conceptual Basis of the Resource Allocation Model



**Figure 3: Choice of Deprivation Model**

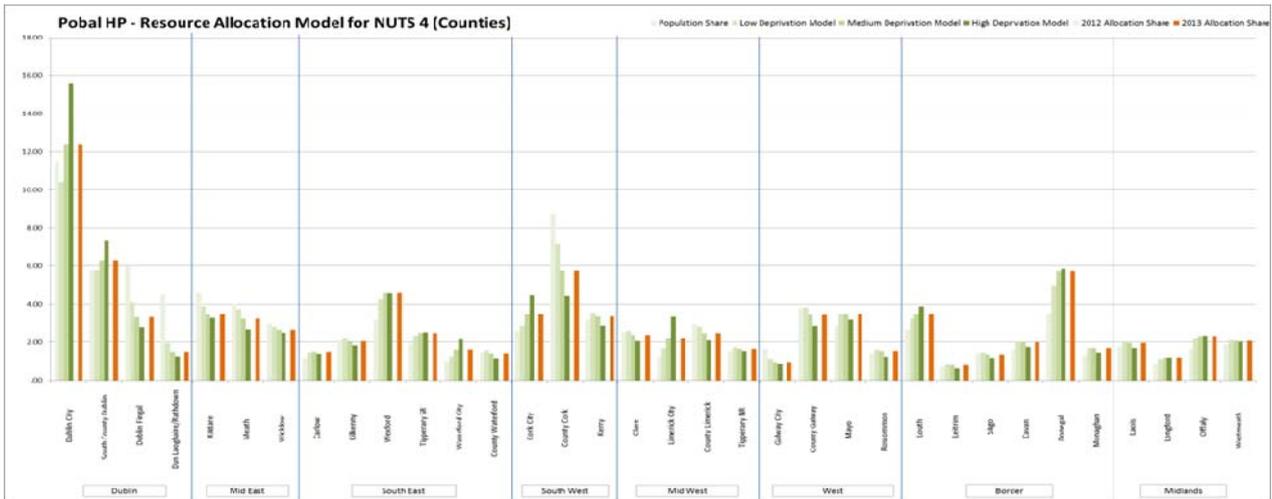
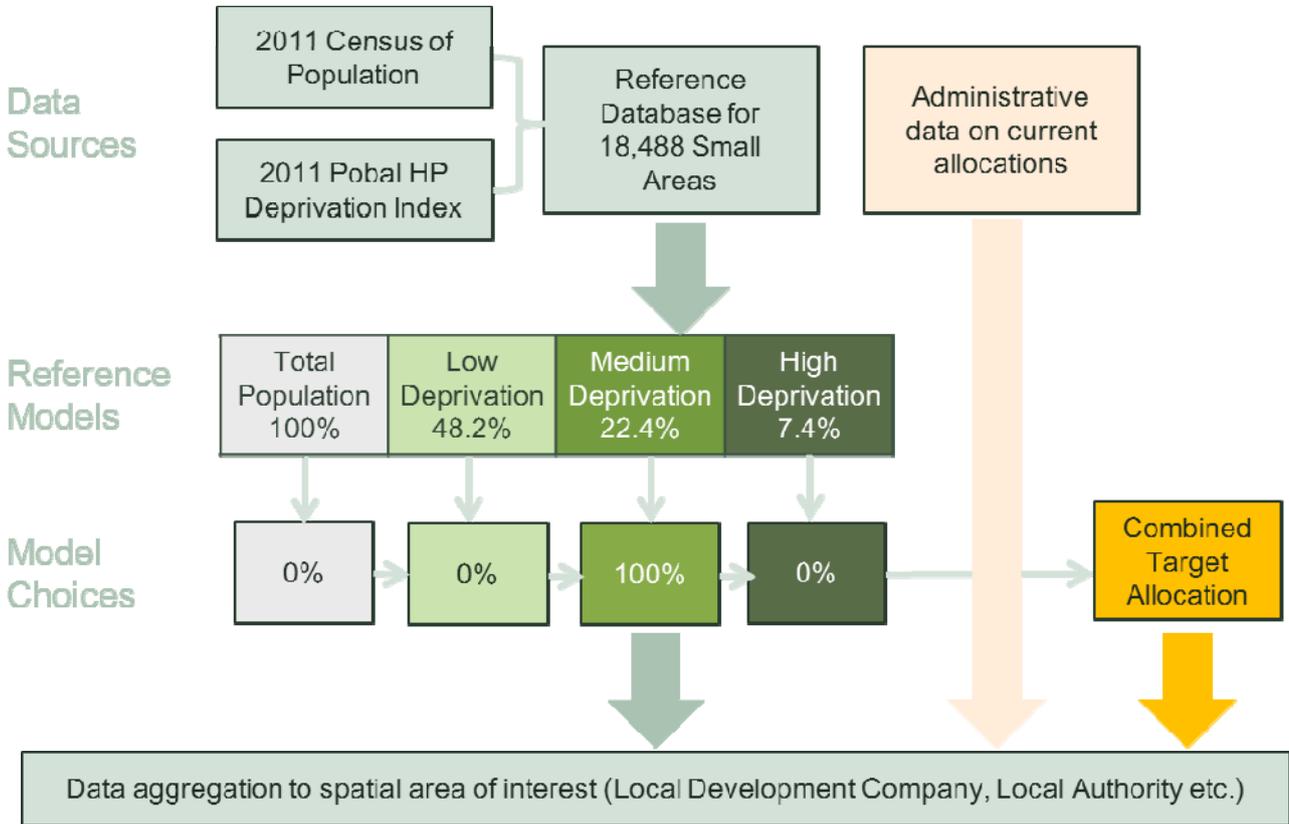


Figure 4: 2008 CSO Area Classification

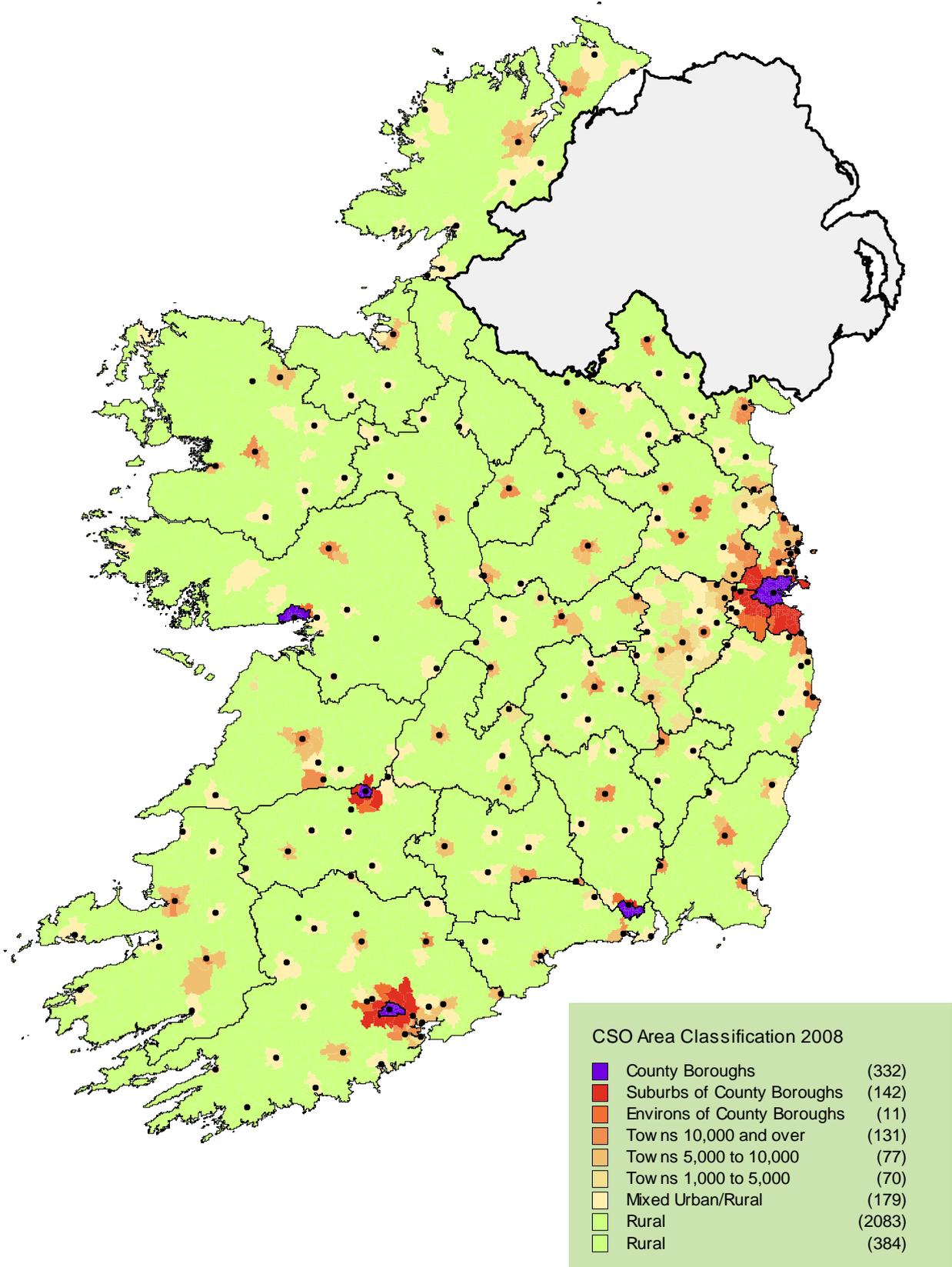


Figure 5: LEADER Resource Allocation Model, based on Medium Deprivation Model and sliding scale of Rurality, showing past funding in blue

