

## ***Distribution Sub-Group (2018) Paper 05 – Revenue Outturn Data mapped to IBA service areas – Education***

**This discussion paper has been written by officials of the Welsh Government. Ministers have not had an opportunity to comment on the contents. Exemplifications of changes are provided simply to inform discussion by DSG members. They are not Welsh Government proposals or statements of Government policy for or against changes.**

### **Revenue Outturn Data mapped to IBA service areas – Education**

#### **Summary**

1. This paper is the first in a potential series of papers on the mapping of Revenue Outturn (RO) data lines and assesses the impact of changing the RO data used in mapping of the *education* IBA service areas.

#### **Views sought**

2. Members are asked to provide their initial thoughts on the distributional implications of the proposed change and whether they would welcome this change.

#### **Background**

3. There are 37 Indicator Based Assessments (IBA) for service areas that use the Revenue Outturn (RO) data to produce the local government settlement funding distribution.
4. The mappings of these indicators (excluding middle schools) were provided for the 2018 January DSG, as an action point from the November 2017 meeting.
5. Currently the RO lines used in the *school catering* IBA are equal to the sum of the *gross expenditure* and *total income*, columns 5 and 8, from the RO1 form. The sum of these columns is equal to *Net current Expenditure*, column 10.
6. The three main schools IBA service areas (*nursery and primary school teaching and other services*, *secondary school teaching and other services* and *special education*) include the same columns, but also include the *specific and special government grants* element, which is treated as negative expenditure (column 11 from the RO1 data collection), to net off the grants from the recorded expenditure.
7. The construction of the model (in particular, the way in which the RO data for the three main school IBAs are constructed, by taking overall expenditure and netting off the catering elements) means that, currently, the non-delegated school catering specific grants are being netted off the three main school IBAs as opposed to the school catering IBA.
8. This paper assesses the impact of including the *specific and special government grants* (column 11) in the *school catering* IBA service area and removing it's inclusion from the 3 other IBAs.

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### **Analysis**

9. Table 1, in annex A, details the change to the IBAs if point 8 was implemented.
10. The data in table 1 demonstrates the impact of this change on the school catering IBA, a decrease of 5.8% (£2.4m) in the 2018-19 settlement.
11. This reduction would then result in the monetary share for three main schools IBA service areas increasing.
12. The four IBAs distribute the monetary share differently, thus the AEF breakdown for each Local authority would be subject to change. This is shown in table 2.
13. From this change, Flintshire and the Vale of Glamorgan had the largest financial increase (£31,000 and £29,000, respectively). Cardiff and the Isle of Anglesey had the largest financial decreases (£25,000 and £18,000, respectively).

### **Conclusion**

14. DSG members are asked to discuss the potential changes outlined in this paper and consider any distributional issues for future years.

### **Recommendation**

15. The RO columns, used, are to be changed to improve the internal consistency of the construction of the model.

**Local Government Finance Policy**

**Welsh Government**

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Annex A

**Table 1 – Implication of changing the mapping of the RO columns on the schools IBA service areas**

<b>IBA</b>	<b>Proposed method (£000s)</b>	<b>Previous method (£000s)</b>	<b>Difference (£000s)</b>
Primary and nursery education	1,037,755	1,035,533	2,222
Secondary teaching and other services	822,426	822,308	118
Special education	229,138	229,126	12
School meals and milk	38,498	40,851	-2,352

**Table 2 – Change in the AEF for the 2018-19 settlement (£000s)**

<b>Authority</b>	<b>Published 2018-19 AEF</b>	<b>Updated 2018-19 AEF</b>	<b>Difference</b>
Isle of Anglesey	95,812	95,794	-18
Gwynedd	175,127	175,111	-16
Conwy	153,576	153,582	6
Denbighshire	143,119	143,123	4
Flintshire	189,156	189,187	31
Wrexham	174,636	174,651	14
Powys	174,026	174,036	10
Ceredigion	101,251	101,234	-17
Pembrokeshire	161,774	161,777	3
Carmarthenshire	259,440	259,445	5
Swansea	319,087	319,101	14
Neath Port Talbot	212,341	212,328	-13
Bridgend	191,582	191,581	-1
Vale of Glamorgan	152,480	152,510	29
Rhondda Cynon Taf	364,176	364,165	-11
Merthyr Tydfil	90,305	90,298	-7
Caerphilly	267,240	267,241	1
Blaenau Gwent	109,633	109,621	-12
Torfaen	131,543	131,543	0
Monmouthshire	93,218	93,231	13
Newport	212,790	212,780	-10
Cardiff	440,947	440,922	-25