

Distribution Sub-Group (2020) Paper 22 – Latest RA Data for the 2021-22 Settlement

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.

Latest RA data for the 2020-21 Settlement

Summary

1. This paper looks at the impact on the 2021-22 Settlement of the change in Revenue Account (RA) data between 2019-20 and 2020-21.
2. The 2020-21 RA data was collected around March 2020, therefore some authorities will have submitted on the basis of their budgets before Covid-19 and some will have submitted after the start of the pandemic.
3. This paper looks at the financial implications of updating the RA data in the Standard Spending Assessment (SSA) build. *Please note that these figures are being run against the 2020-21 Final Total SSA Settlement distribution for the purposes of exemplification.*

Views sought

4. For DSG to specify whether the 2020-21 RA provides a representative picture of the general sectors at a Wales level, and if so to note the impact on the distribution of the Settlement of using the latest RA data in the Settlement model.

Related papers

5. Distribution Sub-Group (2019) Paper 14 – Latest RA Data for the 2020-21 Settlement

Distribution Sub-Group (2018) Paper 20 – Latest RA Data for the 2019-20 Settlement

[Distribution Sub Group \(2017\) Paper 09 – Updating the RA Data for the 2018-19 Settlement](#)

Background

6. The calculation of SSA sector totals uses the most up-to-date information at a total Wales level on the pattern of budgeted Unitary Authority expenditure (sourced from RA returns). For the 2020-21 Settlement, the 2019-20 RA forms were used. This paper updates the RA expenditure from 2019-20 to 2020-21 for the 2021-22 Settlement.
7. The calculation of SSA service totals within each sector uses information at a total Wales level on the pattern of actual Unitary Authority expenditure (sourced from RO forms). For the 2021-22 Settlement, it is the intention that the latest expenditure data taken from the 2019-20 RO forms are to be used. This will be the subject of a further paper.

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8. This paper provides exemplifications of the isolated changes of the RA forms, run against the 2020-21 Settlement.
9. In light of the coronavirus (COVID-19) outbreak, the chief statistician made the decision that the majority of data collections from public bodies will be suspended to prioritise the development and publication of new statistical outputs to inform the public during the pandemic.
10. Although the 2020-21 RA was collected, it is yet to be published and is still undergoing validation. The figures provided in this paper are therefore subject to change and only the change in percentage shares will be show at this point in time.

Changes in the RA data

11. Since the RA expenditure data was last used in the SSA build, there have been a few changes to the RA form mainly reflecting changes to specific grants. As there were no major changes between 2019-20 and 2020-21, we have not provided the detailed list, but these are available upon request. The changes to the structure of the RA form make no material difference to SSA build. The model has been adjusted to take into account these changes.
12. Table A in the annex shows the change in relative shares of budgeted expenditure by sector for the 2019-20 and 2020-21 RA data when split into the 6 sectors used in the SSA calculations (Schools services; Other Education; PSS; Transport; Fire and Other Services). Compared to the previous year the sector with largest relative decrease was *Other Services* sector, down 0.3 percentage points. The *Schools* sector had the largest relative percentage increase up 0.4 percentage points followed by PSS up 0.1 percentage points.

Financial implications

13. Table B in the annex shows the changes in the 2020-21 Aggregate External Finance (AEF) when updating the RA data. This is to show the isolated effect the latest RA data has using the 2020-21 Settlement allocations. Rhondda Cynon Taf and Newport have the largest monetary increases in AEF of £234k and £177k respectively. The largest monetary decreases in AEF are for Powys (down £298k) and Gwynedd (down £269k).

Conclusion

14. DSG are asked to consider the data, and whether this data provides a representative picture across the sectors, ahead of the 2021-22 settlement.
15. If so, it is the intention to use the latest (2020-21) RA data - in line with Society of Welsh Treasurers (SWT) principles. Further analysis of future updates will take place during the 2021 to investigate the impact covid-19 has had on the data, and a further paper will be provided to look at the impact of updating to the latest RO data.

**Local Government Finance and Workforce Partnerships Division
Welsh Government**

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Annex

Table A: Change in relative share of RA data, by sector, all Wales: 2019-20 to 2020-21¹

Service Sector	2019-20	2020-21	Difference p.p
Schools	43.7%	44.0%	0.4%
Non-Schools	0.7%	0.7%	0.0%
PSS	31.6%	31.7%	0.1%
Transport	3.5%	3.4%	-0.1%
Fire	2.7%	2.7%	0.0%
Other	17.9%	17.6%	-0.3%

Table B: Isolated change in 2020-21 total SSA, when updating the RA data from 2019-20 to 2020-21

	2019-20 RA	2020-21 RA	Difference	
			(£000s)	%
Isle of Anglesey	101,005	100,927	-78	-0.1%
Gwynedd	187,579	187,310	-269	-0.1%
Conwy	161,398	161,283	-115	-0.1%
Denbighshire	151,932	151,940	8	0.0%
Flintshire	199,386	199,407	21	0.0%
Wrexham	184,296	184,348	52	0.0%
Powys	184,289	183,990	-298	-0.2%
Ceredigion	107,646	107,506	-140	-0.1%
Pembrokeshire	172,204	172,076	-129	-0.1%
Carmarthenshire	274,159	274,098	-62	0.0%
Swansea	339,381	339,401	20	0.0%
Neath Port Talbot	226,762	226,856	94	0.0%
Bridgend	203,127	203,191	64	0.0%
The Vale Of Glamorgan	161,021	161,117	96	0.1%
Rhondda Cynon Taf	388,666	388,900	234	0.1%
Merthyr Tydfil	96,810	96,878	68	0.1%
Caerphilly	283,367	283,511	144	0.1%
Blaenau Gwent	116,063	116,049	-14	0.0%
Torfaen	140,467	140,586	119	0.1%
Monmouthshire	97,760	97,679	-81	-0.1%
Newport	228,077	228,255	177	0.1%
Cardiff	469,047	469,136	89	0.0%
Total Unitary Authorities	4,474,444	4,474,444		

¹ CTRS is fixed at a specific value and therefore is not included in the percentage shares.