

Distribution Sub-Group (2021) Paper 20 – Latest RA Data for the 2022-23 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 2022-23 Settlement

Summary

1. This paper looks at the impact on the 2022-23 Settlement of the change in Revenue Account (RA) data between 2020-21 and 2021-22.
2. 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 2021-22 Final Total SSA Settlement distribution for the purposes of exemplification.

Views sought

3. For DSG to specify whether the 2021-22 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

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

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

4. 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 2021-22 Settlement, the 2020-21 RA forms were used. This paper updates the RA expenditure from 2020-21 to 2021-22 for the 2022-23 Settlement.
5. 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 2022-23 Settlement, it is the intention that the latest expenditure data taken from the 2020-21 RO forms are to be used. This will be the subject of a further paper.
6. This paper provides exemplifications of the isolated changes of the RA forms, run against the 2021-22 Settlement.

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7. In light of the coronavirus (COVID-19) pandemic, we worked with Welsh Government Knowledge and Analytical Services to include COVID-19 specific lines, so as to not distort the lines used within the settlement.

Changes in the RA data

8. Since the RA expenditure data was last used in the SSA build, there have been a few changes to the RA form mainly reflecting new lines to capture budgeted COVID-19 expenditure. These have not been incorporated into the lines used within the settlement. As there were no other major changes between 2020-21 and 2021-22, we have not provided the detailed list, but these are available upon request.
9. Table A in the annex shows the budgeted RA expenditure data for 2020-21 and 2021-22 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 monetary increase was the *Schools* sector up £85.1m, but the *Other Services* sector had the largest percentage increase up 7.1%. The *Transport* sector had the lowest percentage increase of the sectors up 1.3%.
10. Table B show the relative shares of each sector. This shows that the *Other services* sector had the largest increase up 0.5% percentage points and schools service had the largest decrease, down 0.4 percentage points.

Redistribution implications

11. Table C in the annex shows the changes in the 2021-22 Aggregate External Finance (AEF) when updating the RA data. In updating the RA data through the model, we also disregard any prioritisation that was previously in place as this should now flow through the financial data. This is to show the isolated effect the latest RA data has using the 2021-22 Settlement allocations.
12. Swansea and Cardiff have the largest monetary increases in AEF of £297k and £295k respectively. The largest monetary decreases in AEF are for Newport (down £187k) and the Vale of Glamorgan (down £168k).

Conclusion

13. DSG are asked to consider the data, and whether this data provides a representative picture across the sectors, ahead of the 2022-23 settlement.
14. If so, it is the intention to use the latest (2021-22) 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.

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Annex

Table A: RA data, by sector, all Wales: 2020-21 to 2021-22¹

Service Sector	2020-21	2021-22	Difference	
			£000s	%
Schools	2,474,306	2,559,408	85,102	3.4%
Non-Schools	37,445	38,734	1,288	3.4%
PSS	1,782,497	1,866,099	83,602	4.7%
Transport	192,287	194,739	2,452	1.3%
Fire	148,742	154,304	5,563	3.7%
Other	989,172	1,059,456	70,283	7.1%
CTRS	278,209	288,641	10,432	3.7%
Debt financing	336,676	345,420	8,744	2.6%
Total	5,920,510	6,506,800	586,290	9.9%

Table B: Share of RA data, by sector, all Wales: 2020-21 to 2021-22²

Service Sector	2020-21	2021-22	Difference
			p.p
Schools	44.0%	43.6%	-0.4%
Non-Schools	0.7%	0.7%	0.0%
PSS	31.7%	31.8%	0.1%
Transport	3.4%	3.3%	-0.1%
Fire	2.6%	2.6%	0.0%
Other	17.6%	18.0%	0.5%

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

² CTRS is fixed at a specific value and therefore is not included in the percentage shares.

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Table C: Isolated change in 2021-22 total SSA, when updating the RA data from 2020-21 to 2021-22

	2021-22 AEF	2021-22 RA	Difference	
			(£000s)	%
Isle of Anglesey	104,825	104,825	0	0.0%
Gwynedd	194,793	194,843	50	0.0%
Conwy	166,906	167,036	130	0.1%
Denbighshire	158,632	158,553	-79	0.0%
Flintshire	206,778	206,639	-139	-0.1%
Wrexham	188,856	188,861	5	0.0%
Powys	191,897	191,917	20	0.0%
Ceredigion	109,658	109,680	22	0.0%
Pembrokeshire	179,387	179,413	26	0.0%
Carmarthenshire	284,820	284,752	-69	0.0%
Swansea	352,642	352,939	297	0.1%
Neath Port Talbot	236,680	236,691	11	0.0%
Bridgend	212,192	212,139	-53	0.0%
The Vale Of Glamorgan	168,316	168,148	-168	-0.1%
Rhondda Cynon Taf	404,375	404,250	-125	0.0%
Merthyr Tydfil	101,476	101,491	15	0.0%
Caerphilly	292,367	292,236	-131	0.0%
Blaenau Gwent	120,361	120,450	89	0.1%
Torfaen	146,340	146,304	-36	0.0%
Monmouthshire	101,483	101,511	28	0.0%
Newport	240,796	240,610	-187	-0.1%
Cardiff	487,913	488,208	295	0.1%
Total Unitary Authorities	4,651,494	4,651,494		