

## ***Distribution Sub-Group (2023) Paper 17 – RO data for the 2024-25 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.***

### **Updating the RO data for the 2024-25 Settlement**

#### **Summary**

1. This paper considers the potential impact on the 2024-25 Settlement of updating the Revenue Outturn (RO) data from the current frozen 2019-20 data to latest (2022-23) data, by reviewing the previous year's changes in Indicator Based Assessments (IBAs).

#### **Views sought**

2. For DSG to consider the potential change in IBAs between years and to consider whether to unfreeze the 2019-20 data and use the latest 2022-23 RO data.

#### **Related paper**

3. Distribution Sub-Group (2024) – Paper 12 – Latest RA data for the 2024-25 settlement
4. Distribution Sub-Group (2023) - Paper 06 - Updating the (21-22) RO data for the 2023-24 Settlement
5. Distribution Sub-Group (2022) - Paper 21 - Updating the (20-21) RO Data for the 2022-23 Settlement
6. Distribution Sub-Group (2021) - Paper 26 - Impact of updating the RO and RA data on 2021-22 Settlement

#### **Background**

7. The Revenue Account (RA) and Revenue Outturn (RO) are financial data collected and validated by Knowledge and Analytical services (KAS) within Welsh Government. These data are used in the Settlement to distribute Standard Spending Assessment (SSA) at a Wales level. Distribution Sub-Group (2022) - Paper 21 explains the process in more detail.
8. The Group has already confirmed the use of the latest (2023-24) RA data within the 2024-25 Settlement (*Distribution Sub Group (DSG) - Paper 12 - Latest RA Data for the 2024-25 Settlement* refers)
9. The RA data is used to apportion SSA between each high-level sector (i.e. schools, social services etc.). For example, we assign each service line within the RA data collection form to a settlement sector. We derive the total budgeted net expenditure for each settlement sector and calculate the percentage share from all sectors. This percentage is multiplied out by the total SSA (after removing sector actuals i.e. CTRS, debt financing).
10. The RO data is used to apportion the SSA values from each sector to each Indicator Based Assessment (IBA). Again, we assign each service line within the RO form to an IBA. Each

service line in the RO form is uniquely mapped to an IBA. Using this data, we aggregate the total net current expenditure (less specific grant funding) at a Wales level for each IBA. The percentage shares of each IBA are calculated and multiplied out by the sector total to produce Wales level SSA values. The same process is done for all IBAs in the different sectors.

## Analysis

### Changes to the RO data collection

11. Since the 2019-20 RO expenditure data was last used in the SSA build, there have been changes to the RO form, most notably to capture expenditure, income and grants from Covid-19. The revenue outturn form can be found on the Welsh government [website](#).
12. Due to the pandemic additional lines were included in the form to capture expenditure, income and grant funding from Covid-19. These were present in the 2020-21 and 2021-22 RO forms. One example was service line 33.5 capturing Covid-19 transport planning, highways, roads and transport activity. These Covid related lines are no longer part of the RO forms as the expenditure is captured through previously existing lines.

### Updating the RO data

13. [Table 1](#) in [Annex A](#) shows the change in net current expenditure (less grant funding) between 2019-20 and 2022-23 by IBA. The largest relative share decrease in RO can be seen in the Nursery and primary school teaching and other services IBA (1.36 percentage points). The largest relative share increase can be seen in the Children and Young Persons IBA (0.77 percentage points).
14. [Table 2](#) shows the change in proportion of RA expenditure for each sector and the change from 2022-23. This shows that the PSS sector had the largest increase (up 0.80 percentage points), and schools service had the largest decrease (down 0.51 percentage points).

### Redistribution implications

15. [Table 3](#) in [Annex B](#) shows the isolated impact on the 2023-24 Aggregate External Finance (AEF) when updating from the current 2019-20 RO data to the 2022-23 RO data. Cardiff and Rhondda Cynon Taff have the largest monetary increases in AEF of £829k and £541k respectively. The largest monetary decreases in AEF are for Powys (down £652k) and Gwynedd (down £649k).
16. [Table 4](#) in [Annex B](#) shows the combined impact in the 2023-24 Aggregate External Finance (AEF) when updating both the RO (2022-23) and RA (2023-24) data. Cardiff and Rhondda Cynon Taff have the largest monetary increases in AEF of £947k and £736k respectively. The largest monetary decreases in AEF are for Gwynedd (down £915k) and Powys (down £877k).
17. [Table 5](#) in [Annex B](#) shows the combined impact of the main 2023-24 SSA sectors when updating both the RO (2022-23) and RA (2023-24) data<sup>1</sup>. [Table 5a](#) shows the redistribution

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<sup>1</sup> The Group has already approved the use of the latest (2023-24) RA data in the 2024-25 Settlement model (ref: 2023 Paper 12 - Latest RA Data for the 2024-25 Settlement)

of £37.8m out of the education sector and [Table 5b](#) shows the redistribution of £54.3m into the PSS sector. [Table 5c](#) shows the redistribution of around £26.0m out of the other services sector.

## **Options**

18. Members are asked to consider the following two options for the 2024-25 Settlement:

### **Option A: Continue to use 2019-2020 RO data**

19. The limitation of freezing this dataset for another year is that it increases the risk that when the data is next updated the changes are larger, resulting in a greater re-distribution of funding. However, this option would be appropriate if members had concerns over using the updated data.

### **Option B: Use the latest 2022-23 RO data**

20. This option would be appropriate if members had no or very limited concerns over using the updated data completely.

## **Conclusion**

21. Members are asked to consider the 2022-23 RO data as set out below in [Annex A](#) and whether this data reflects the current financial environment and decide on an option for the 2024-25 Settlement.

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Table 1: Changes in RO net current expenditure (less grant funding), 2022-23 vs 2019-20

	IBA Service Area	Form	Row(s)	Columns	2019-20		2022-23		Relative change (pp)
					RO Amount (£000s)	RO share (%)	RO Amount (£000s)	RO share (%)	
1	<b>Nursery and primary school teaching and other services</b>	RO1	430+431+98	10+11					
1a	(less delegated nursery and primary school catering):	RO1	7+206	5+8					
1b	(less additional learning needs):	RO1	300+301+360+361	10+11	1,064,283	21.1%	1,215,102	19.8%	-1.36
4	(less school transport):	RO1	390+391	10+11					
1c	(less non-delegated nursery and primary school catering):	RO1	316.1+316.2	10+11					
2	<b>Secondary school teaching and other services</b>	RO1	432	10+11					
2a	(less delegated secondary school catering):	RO1	18	5+8					
2b	(less additional learning needs):	RO1	302+362	10+11	850,990	16.9%	1,022,146	16.6%	-0.26
5	(less school transport):	RO1	392	10+11					
2c	(less non-delegated secondary school catering):	RO1	316.3	10+11					
3	<b>Special education</b>	RO1	433	10+11					
3a	(less delegated special school catering):	RO1	29	5+8					
1b	(plus pre and primary additional learning needs):	RO1	300+301+360+361	10+11	262,781	5.2%	325,207	5.3%	0.08
2b	(plus secondary additional learning needs):	RO1	302+362	10+11					
3b	(less non-delegated special school catering):	RO1	316.4	10+11					
4	<b>Nursery and primary school transport services</b>	RO1	390+391	10+11	32,355	0.6%	40,453	0.7%	0.02
5	<b>Secondary school transport services</b>	RO1	392	10+11	57,450	1.1%	68,010	1.1%	-0.03
6	<b>School meals (School catering):</b>	RO1	7+18+29+206+256	5+8	55,583	1.1%	67,357	1.1%	-0.01
7 7b 7a	<b>Adult and continuing education</b>	RO1	99+101+103+103.1+104+105+106	10+11	5,139	0.1%	3,894	0.1%	-0.04
8	<b>Adult and continuing education transport</b>	RO1	102	10+11	8,584	0.2%	9,948	0.2%	-0.01
9	<b>Youth services</b>	RO1	100	10+11	15,652	0.3%	15,949	0.3%	-0.05
10	<b>Education administration</b>	RO1	97+97.6+107+107.5	10+11	2,419	0.0%	2,555	0.0%	-0.01
11	<b>Children and young persons (PSS)</b>	RO3	26	10+11	520,533	10.3%	682,409	11.1%	0.77
11a	(less administration):	RO3	21.4	10+11					
12	<b>Younger adults' personal social services</b>	RO3	82	10+11	571,584	11.4%	702,260	11.4%	0.08
13 13a 13b	<b>Older adults' residential and domiciliary care</b>	RO3	27+28+29+30+31+32+33+34+35+36	10+11	610,794	12.1%	743,324	12.1%	-0.03
14	<b>PSS administration</b>	RO3	21.4+26.5	10+11	4,960	0.1%	6,495	0.1%	0.01
15	<b>Road maintenance</b>	RO2	1+2+3+13+14+16+16.5	10+11	131,612	2.6%	159,944	2.6%	-0.01

16	Street lighting	RO2	15	10+11	32,325	0.6%	29,011	0.5%	-0.17
17	Public transport revenue support	RO2	25+29	10+11	16,728	0.3%	19,363	0.3%	-0.02
18	Concessionary fares	RO2	26	10+11	10,168	0.2%	10,069	0.2%	-0.04
19	Road safety education and safe routes	RO2	17.1	10+11	4,207	0.1%	3,748	0.1%	-0.02
20	Electoral registration	RO9	10	10+11	5,195	0.1%	10,810	0.2%	0.07
21 21a	Recreation	RO4	+11	10+11	107,939	2.1%	130,721	2.1%	-0.02
22	Library services	RO4	1+7	10+11	40,726	0.8%	44,706	0.7%	-0.08
23	Cultural services	RO4	2+3+4+5	10+11	26,485	0.5%	28,662	0.5%	-0.06
24	Economic development (Tourism):	RO4	12	10+11					
24a	(plus economic and community development):	RO6	12+13	10+11	17,025	0.3%	27,724	0.5%	0.11
24b	(plus Business Support and Economic Research):	RO6	9+10	10+11					
25	Cemeteries and crematoria	RO5	1	10+11	-2,001	0.0%	-1,331	0.0%	0.02
26	Coast protection	RO5	2	10+11	1,352	0.0%	1,367	0.0%	0.00
27	Consumer protection	RO5	22	10+11	11,141	0.2%	12,410	0.2%	-0.02
28	Planning	RO6	1+4+7	10+11	22,501	0.4%	27,694	0.5%	0.00
29	Street cleansing	RO5	8	10+11	51,924	1.0%	63,284	1.0%	0.00
30	Food safety	RO5	3	10+11	10,239	0.2%	13,342	0.2%	0.01
31	Other environmental health and port health	RO5	6.1+25.55	10+11	31,271	0.6%	37,934	0.6%	0.00
32 32a 32b	Refuse collection	RO5	25.1+25.3+25.4	10+11	157,213	3.1%	197,377	3.2%	0.09
33 33a	Refuse disposal	RO5	25.2+25.5	10+11	73,418	1.5%	90,512	1.5%	0.02
34	Non HRA housing	RO8	1+2+3+4+7+7.1+13+18+25	10+11	45,453	0.9%	71,462	1.2%	0.26
35	Council tax administration	RO9	7	10+11	36,535	0.7%	47,608	0.8%	0.05
36a 36	Other services (Community safety plus agricultural services	RO5	13+14+19	10+11					
36b 36c	(plus environmental initiatives plus coroners' and other co	RO6	8+17	10+11					
36d 36e 36f	(plus emergency planning plus other central services and co	RO9	11+12+13+13.5+14+30	10+11	67,254	1.3%	112,843	1.8%	0.50
36g	(plus non-distributed costs):	RO9	29	10+11					
37	General administration (General administration for roads)	RO2	24+33	10+11					
37a	(plus other general administration):	RO9	19	10+11	72,862	1.4%	97,925	1.6%	0.15
<b>Outturn Services Total</b>					<b>5,034,681</b>		<b>6,142,291</b>		

**Table 2: RA data, by sector, all Wales: 2022-23 to 2023-24**

*£'000*

<b>Service Sector</b>	<b>2022-23</b>	<b>2023-24</b>	<b>Difference</b>	<b>Difference (%)</b>	<b>2022-23 % share</b>	<b>2023-24 % share</b>	<b>Difference percentage points (pp)</b>
Schools	2,699,085	2,900,221	201,137	7.45%	42.18%	41.68%	-0.51
Non-Schools	40,905	40,958	53	0.13%	0.64%	0.59%	-0.05
PSS	2,064,600	2,301,086	236,486	11.45%	32.27%	33.07%	0.80
Transport	208,647	227,088	18,441	8.84%	3.26%	3.26%	0.00
Fire	159,398	182,919	23,521	14.76%	2.49%	2.63%	0.14
Other	1,225,997	1,306,691	80,694	6.58%	19.16%	18.78%	-0.38
CTRS	285,560	295,244	9,684	3.39%	4.46%	4.24%	-0.22
Debt financing	351,741	361,538	9,796	2.79%	5.50%	5.20%	-0.30
<b>Total (Excl CTRS &amp; Debt Financing)</b>	<b>6,398,632</b>	<b>6,958,963</b>					

Table 3: Exemplification of the isolated impact of the 2022-23 RO data on the 2023-24 settlement AEF

Unitary Authority	Settlement 2023-24		Difference Value	Difference %
	RO 2019-20 data	RO 2022-23 data		
Angelsey	123,665	123,354	-311	-0.25%
Gwynedd	228,036	227,387	-649	-0.28%
Conwy	198,598	198,012	-587	-0.30%
Denbighshire	188,024	187,928	-96	-0.05%
Flintshire	251,995	251,625	-370	-0.15%
Wrexham	224,836	224,989	152	0.07%
Powys	228,665	228,012	-652	-0.29%
Ceredigion	129,198	129,058	-140	-0.11%
Pembrokeshire	212,675	212,481	-194	-0.09%
Carmarthenshire	338,410	338,463	53	0.02%
Swansea	418,282	418,613	330	0.08%
Neath Port Talbot	276,696	277,008	312	0.11%
Bridgend	250,182	250,174	-8	0.00%
Vale of Glamorgan	202,797	202,703	-94	-0.05%
Rhondda Cynon Taff	471,317	471,859	541	0.11%
Merthyr	118,614	118,857	243	0.20%
Caerphilly	339,960	340,351	391	0.11%
Blaenau Gwent	139,730	139,862	131	0.09%
Torfaen	172,405	172,633	228	0.13%
Monmouthshire	122,675	122,274	-400	-0.33%
Newport	289,522	289,813	290	0.10%
Cardiff	593,605	594,434	829	0.14%
<b>Total Unitary Authorities</b>	<b>5,519,889</b>	<b>5,519,889</b>		

**Table 4: Exemplification of the combined impact of the 2022-23 RO and 2023-24 RA data on the 2023-24 settlement AEF**

<i>£'000</i>				
<b>Unitary Authority</b>	<b>Settlement 2023-24</b>		<b>Difference Value</b>	<b>Difference %</b>
	<b>RARO 22-23 &amp; 19-20</b>	<b>RARO 23-24 and 22-23</b>		
Angelsey	123,665	123,263	-402	-0.33%
Gwynedd	228,036	227,121	-915	-0.40%
Conwy	198,598	198,146	-452	-0.23%
Denbighshire	188,024	187,926	-98	-0.05%
Flintshire	251,995	251,346	-649	-0.26%
Wrexham	224,836	225,057	221	0.10%
Powys	228,665	227,788	-877	-0.38%
Ceredigion	129,198	128,953	-244	-0.19%
Pembrokeshire	212,675	212,413	-262	-0.12%
Carmarthenshire	338,410	338,372	-39	-0.01%
Swansea	418,282	418,827	545	0.13%
Neath Port Talbot	276,696	277,230	534	0.19%
Bridgend	250,182	250,155	-27	-0.01%
Vale of Glamorgan	202,797	202,436	-361	-0.18%
Rhondda Cynon Taff	471,317	472,053	736	0.16%
Merthyr	118,614	118,997	383	0.32%
Caerphilly	339,960	340,451	491	0.14%
Blaenau Gwent	139,730	140,081	351	0.25%
Torfaen	172,405	172,743	337	0.20%
Monmouthshire	122,675	122,157	-518	-0.42%
Newport	289,522	289,822	300	0.10%
Cardiff	593,605	594,552	947	0.16%
<b>Total Unitary Authorities</b>	<b>5,519,889</b>	<b>5,519,889</b>		



**Table 5a: 2022-23 RO and 2023-24 RA data Impact on the 2023-24 SSA, Education sectors**

*£'000*

Unitary Authority	School Services			Other Education		
	2023-24 Settlement	RARO Changes	Difference	2023-24 Settlement	RARO Changes	Difference
Angelsey	65,422	64,587	-834	1,044	979	-65
Gwynedd	113,480	112,173	-1,307	1,920	1,798	-122
Conwy	97,431	96,316	-1,115	1,600	1,485	-115
Denbighshire	97,490	96,411	-1,079	1,314	1,208	-107
Flintshire	142,201	140,488	-1,713	2,154	1,994	-160
Wrexham	119,758	118,191	-1,567	1,939	1,796	-143
Powys	119,940	118,520	-1,420	1,855	1,737	-118
Ceredigion	65,717	64,979	-738	1,126	1,051	-75
Pembrokeshire	112,377	110,997	-1,380	1,867	1,747	-121
Carmarthenshire	176,734	174,557	-2,177	2,694	2,502	-192
Swansea	209,183	206,642	-2,542	3,227	2,936	-291
Neath Port Talbot	132,417	130,913	-1,505	2,013	1,849	-164
Bridgend	131,716	130,112	-1,604	1,917	1,757	-159
Vale of Glamorgan	126,764	125,202	-1,562	1,637	1,492	-145
Rhondda Cynon Taff	230,672	228,066	-2,606	3,452	3,182	-270
Merthyr	56,160	55,471	-689	814	744	-69
Caerphilly	170,981	168,963	-2,019	2,603	2,410	-194
Blaenau Gwent	59,667	58,924	-743	999	925	-74
Torfaen	88,769	87,765	-1,004	1,226	1,121	-106
Monmouthshire	74,496	73,569	-927	1,297	1,213	-85
Newport	154,348	152,461	-1,888	1,975	1,785	-190
Cardiff	318,072	314,127	-3,944	4,728	4,248	-480
<b>Total Unitary Authorities</b>	<b>2,863,796</b>	<b>2,829,433</b>	<b>-34,363</b>	<b>43,402</b>	<b>39,958</b>	<b>-3,443</b>

**Table 5b: 2022-23 RO and 2023-24 RA data Impact on the 2023-24 SSA, PSS sector**

*£'000*

Unitary Authority	2023-24	PSS	Difference
	Settlement	RARO Changes	
Angelsey	48,496	49,568	1,072
Gwynedd	83,806	85,512	1,706
Conwy	84,420	86,118	1,698
Denbighshire	73,174	74,910	1,736
Flintshire	95,132	97,340	2,208
Wrexham	92,957	95,386	2,429
Powys	90,136	91,722	1,586
Ceredigion	50,164	51,119	955
Pembrokeshire	86,670	88,698	2,029
Carmarthenshire	132,744	135,672	2,928
Swansea	172,850	177,076	4,226
Neath Port Talbot	108,811	111,521	2,711
Bridgend	97,403	99,847	2,445
Vale of Glamorgan	81,615	83,530	1,915
Rhondda Cynon Taff	178,142	182,931	4,790
Merthyr	46,821	48,178	1,357
Caerphilly	130,066	133,654	3,588
Blaenau Gwent	55,484	56,993	1,510
Torfaen	69,089	70,951	1,862
Monmouthshire	54,559	55,553	994
Newport	112,348	115,677	3,329
Cardiff	245,706	252,963	7,257
<b>Total Unitary Authorities</b>	<b>2,190,592</b>	<b>2,244,921</b>	<b>54,329</b>

**Table 5c: 2022-23 RO and 2023-24 RA data Impact on the 2023-24 SSA, Transport and Other services sector**

*£'000*

Unitary Authority	Transport			Other services		
	2023-24 Settlement	RARO Changes	Difference	2023-24 Settlement	RARO Changes	Difference
Angelsey	6,464	6,520	56	31,112	30,279	-832
Gwynedd	13,263	13,495	232	59,751	57,977	-1,775
Conwy	9,671	9,686	15	49,646	48,379	-1,267
Denbighshire	8,148	8,251	104	41,043	40,011	-1,032
Flintshire	10,854	10,827	-27	66,139	64,718	-1,421
Wrexham	8,199	8,219	20	52,247	51,324	-923
Powys	15,346	15,757	411	62,304	60,589	-1,715
Ceredigion	7,453	7,661	208	33,403	32,604	-799
Pembrokeshire	11,248	11,387	139	54,923	53,628	-1,295
Carmarthenshire	15,692	15,915	223	78,774	77,403	-1,371
Swansea	13,850	13,713	-137	100,394	98,958	-1,436
Neath Port Talbot	9,058	8,954	-104	57,085	56,257	-828
Bridgend	9,328	9,246	-82	56,610	55,544	-1,065
Vale of Glamorgan	8,433	8,412	-20	51,138	50,190	-948
Rhondda Cynon Taff	14,843	14,732	-111	97,255	95,468	-1,787
Merthyr	3,167	3,105	-62	23,307	22,973	-335
Caerphilly	11,891	11,711	-180	70,090	68,846	-1,244
Blaenau Gwent	4,863	4,746	-117	28,469	28,040	-429
Torfaen	5,115	4,984	-131	35,896	35,333	-563
Monmouthshire	6,851	6,887	36	36,787	35,978	-810
Newport	8,624	8,496	-128	63,817	62,507	-1,310
Cardiff	19,020	18,840	-179	150,622	147,792	-2,830
<b>Total Unitary Authorities</b>	<b>221,380</b>	<b>221,545</b>	<b>165</b>	<b>1,300,814</b>	<b>1,274,797</b>	<b>-26,016</b>