

Distribution Sub-Group (2024) Paper 06 - Recalibrating the Nursery and Primary School Services IBA results and Options

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.

Recalibrating the Nursery and Primary School Services IBA

Summary

1. Following the publication of the 2021 census settlement threshold data work has been undertaken to recalibrate the **Nusery and Primary School Services IBA**. The methodology is outlined in **Paper 05 Recalibrating the Nursery and Primary School Services IBA**.
2. This paper assesses the distributional impact of various recalibration options using the latest 2021 Census Settlement Threshold Sparsity data.

Views sought:

3. DSG Members' views are sought on the results of the recalibration of the Nursery and Primary Schools Formula. DSG are asked to consider the options moving forward.
4. **Note:** The calculations within the paper are subject to **quality assurance**. The purpose of the paper is to open discussion and demonstrate potential options and distributional impacts. Further discussion will be required, and no decisions will be made at this stage to influence the financial distribution.

Related Papers:

5. Distribution Sub-Group (2024) Paper 05 - Recalibrating the Nursery and Primary School Services IBA methodology.
6. Distribution Sub-Group (2023) Paper 08 - Recalibrating the Nursery and Primary School Services IBA.

Background and Current Situation

7. The formula for calculating the **'Nursery and Primary School Teaching and Other Services'** IBA was last updated in 2003. Current Formula:

0.815 x Primary school pupils and modelled nursery school pupils (annually updated)

0.098 x Settlement threshold 1,000 (1991 Data)

0.087 x Primary school pupils eligible for free school meals (rolling 3 year average)

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Section 1: Options

8. Table 1 and Table 2 in Annex A exemplify the re-distributive financial impact on the 2024-25 settlement of the various options outlined below.

Option a, Option b and Option c (Insert latest data)

9. **Option a: The method uses the same settlement threshold and formula weightings as currently but uses the latest Census 2021 settlement threshold (of 1,000) data.**

0.815 x Primary school pupils and modelled nursery school pupils (updated annually)
0.098 x Settlement threshold 1,000 (2021 Data)
0.087 x Primary school pupils eligible for free school meals (rolling 3 year average)

10. Using the **Census 2021 Settlement Threshold of 1,000**, Powys, Pembrokeshire, and Ceredigion have the largest monetary increases of £6,927k (12.7%), £4,457k (8.5%) and £3,676K (12.7%) respectively. The largest monetary decreases can be seen in Rhondda Cynon Taff and Caerphilly with decreases of £5,361k (5.2%) and £4,119k (5.3%) respectively.

11. **Option b: The method uses the same weightings as currently used, but uses the latest Census 2021 settlement threshold data of 5,000. Using the 2021 a settlement size of 5,000 now has the strongest positive relationship from the regression analysis.**

0.815 x Primary school pupils and modelled nursery school pupils (updated annually)
0.098 x Settlement threshold 5,000 (2021 Data)
0.087 x Primary school pupils eligible for free school meals (rolling 3 year average)

12. As set out in paper 5 the census data indicates a stronger relationship with a settlement threshold of 5000 than with 1000. Using the **Census 2021 Settlement Threshold of 5,000**, Wrexham Pembrokeshire, and Powys have the largest monetary increases of £2,419k (4.2%), £1,478k (2.8%) and £1,433k (2.6%) respectively. The largest monetary decreases can be seen in Rhondda Cynon Taff and Torfaen with decreases of £2,633k (2.6%) and £1,811k (4.5%) respectively.

13. **Option c: The method uses the same weightings as currently used but uses the latest Census 2021 settlement threshold data of 10,000. The results from the regression analysis show little difference between a settlement threshold of 5,000 and 10,000.**

0.815 x Primary school pupils and modelled nursery school pupils (updated annually)
0.098 x Settlement threshold 10,000 (2021 Data)
0.087 x Primary school pupils eligible for free school meals (rolling 3 year average)

14. Using the **Census 2021 Settlement Threshold of 10,000**, Caerphilly, Wrexham, and Flintshire have the largest monetary increases of £3,105k (12.7%), £2,765k (4.0%) and £1,266K (1.9%) respectively. The largest monetary decreases can be seen in

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Carmarthenshire and Ceredigion with decreases of £1,438k (1.8%) and £1,162k (4.0%) respectively.

Option 1, Option 2 and Option 3 (Recalibrated Formula weightings)

15. Option 1: The method recalibrates the formula weightings using the latest settlement threshold of 1,000

0.858 x Primary school pupils and modelled nursery school pupils
0.035 x Settlement threshold 1,000
0.107 x Primary school pupils eligible for free school meals

16. Using the **Census 2021 Settlement Threshold of 1,000**, Cardiff, Newport, and Swansea have the largest monetary increases of £8,736k (5.9%), £3,210k (4.4%) and £2,234K (2.3%) respectively. The largest monetary decreases can be seen in Carmarthenshire and Gwynedd with decreases of £3,506k (4.3%) and £3,160k (6.2%) respectively.

17. Option 2: The method recalibrates the formula weightings using the latest settlement threshold of 5,000

0.838 x Primary school pupils and modelled nursery school pupils
0.055 x Settlement threshold 5,000
0.107 x Primary school pupils eligible for free school meals

18. Using the **Census 2021 Settlement Threshold of 5,000**, Cardiff, Newport, and Wrexham have the largest monetary increases of £6,008k (4.1%), £2,058k (2.8%) and £1,934k (3.4%) respectively. The largest monetary decreases can be seen in Carmarthenshire and Gwynedd with decreases of £2,234k (2.7%) and £2,165k (4.3%) respectively.

19. Option 3: The method recalibrates the formula weightings using the latest settlement threshold of 10,000

0.822 x Primary school pupils and modelled nursery school pupils
0.072 x Settlement threshold 10,000
0.107 x Primary school pupils eligible for free school meals

20. Using the **Census 2021 Settlement Threshold of 10,000**, Cardiff, Caerphilly, and Wrexham have the largest monetary increases of £3,256k (2.2%), £2,628k (3.4%) and £2,385k (4.1%) respectively. The largest monetary decreases can be seen in Carmarthenshire and Gwynedd with decreases of £2,828k (3.5%) and £2,507k (4.9%) respectively.

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Discussion

21. DSG are asked to consider all the **options** for applying the Census 2021 settlement threshold sparsity data to the Nursery and Primary School Services IBA:

- i) **Option a:** Use the **2021 Census settlement threshold 1,000** data for future Settlement.

Points to consider:

- Weightings and settlement threshold remains the same as current formula – this makes it more straightforward to undertake but arguably at the expense of ignoring the statistical relationship between expenditure and number of pupils, schools and pupils eligible for free school meals.
- Includes updated data thus improving the currency of the formula.
- The redistributive impact is quite significant.
- A settlement threshold of 1,000 is no longer best fit for purpose based on the linear regression analysis.
- The weightings are still based on recalibrated analysis from 2003 which is now outdated.

- ii) **Option b:** Use the **2021 Census settlement threshold 5,000** data for future Settlement.

Points to consider:

- A settlement threshold of 5,000 is best fit for purpose based on the linear regression analysis.
- The redistributive impact is less significant than settlement threshold of 1,000.
- The weightings are still based on recalibrated analysis from 2003.

- iii) **Option c:** Use the **2021 Census settlement threshold 10,000** data for future Settlement.

Points to consider:

- A settlement threshold of 10,000 may best represent rural areas for the Census 2021 as there is little difference in the relationship from the regression analysis for a settlement threshold 5,000 and settlement threshold 10,000.
- The redistributive impact is quite significant. The weightings are still based on recalibrated analysis from 2003.

- iv) **Option 1:** Using the previous methodology **recalibrate the formula and use 2021 Census settlement threshold 1,000** data for future Settlement.

Points to consider:

- Weightings will be recalibrated which is considered more likely to reflect current drivers of relative need
- The settlement threshold of 1,000 will remain the same as the current formula.

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- The redistributive impact is very significant.
 - The sparsity weighting drops significantly from 9.8% to 3.5%. Does that seem true to experience? Is there more evidence that could be considered?
- v) **Option 2:** Using the previous methodology **recalibrate the formula and use 2021 Census settlement threshold 5,000** data for future Settlement.

Points to consider:

- Weightings will be recalibrated.
 - The settlement threshold of 5,000 is the best fit for purpose based on the linear regression analysis.
 - The redistributive impact is very significant.
 - The sparsity weighting drops significantly from 9.8% to 5.5%.
- vi) **Option 3:** Using the previous methodology **recalibrate the formula and use 2021 Census settlement threshold 10,000** data for future Settlement.

Points to consider:

- Weightings will be recalibrated.
 - The settlement threshold of 10,000 is also fit for purpose based on the linear regression analysis.
 - The redistributive impact is quite significant but less significant than a settlement threshold of 5,000.
 - The sparsity weighting drops slightly from 9.8% to 7.2%. Does that seem true to experience? Is there more evidence that could be considered?
22. With these **six options** in mind other things to consider are:
- a. Any option chosen is likely to be phased to dampen financial implications.
 - b. The deprivation element uses eFSM data. The reliability of this data going forward is still under review.
 - c. The approach taken will need to be consistent with decisions for other IBA reviews.

Distribution Sub-Group (2014) Paper 06 – Measuring Sparsity within the Settlement: Background, Principles and Initial Steps

Annex A

Table 1: Nursery and Primary School Teaching and Other Services IBA, Exemplification 2024-25 settlement (Options)

	Existing Formula £000s	Option a: Plug in (Settlement Threshold 1,000) £000s	Option b: Plug in (Settlement Threshold 5,000) £000s	Option c: Plug in (Settlement Threshold 10,000) £000s	Option 1: Recalibrated (Settlement Threshold 1,000) £000s	Option 2: Recalibrated (Settlement Threshold 5,000) £000s	Option 3: Recalibrated (Settlement Threshold 10,000) £000s
Isle of Anglesey	30,733	32,804	31,088	29,834	29,088	29,271	29,028
Gwynedd	50,916	53,285	52,059	49,927	47,756	48,751	48,409
Conwy	44,263	43,164	43,470	43,849	43,026	43,255	43,635
Denbighshire	42,920	43,724	42,991	42,988	42,800	42,696	42,826
Flintshire	65,523	65,384	65,243	66,789	64,698	64,797	66,054
Wrexham	57,702	57,901	60,121	60,467	58,615	59,635	60,087
Powys	54,410	61,337	55,843	54,563	52,375	52,029	52,458
Ceredigion	29,028	32,704	29,781	27,866	27,662	27,587	27,007
Pembrokeshire	52,373	56,830	53,851	52,825	51,355	51,373	51,538
Carmarthenshire	81,782	83,333	82,839	80,344	78,276	79,547	78,954
Swansea	98,528	96,662	97,194	97,966	100,762	99,845	99,469
Neath Port Talbot	59,228	57,158	59,405	58,949	58,788	59,612	59,301
Bridgend	60,422	57,681	59,369	59,381	60,712	60,723	60,232
The Vale of Glamorgan	59,018	58,498	58,428	59,348	59,760	59,227	59,467
Rhondda Cynon Taff	102,407	97,046	99,743	102,040	101,833	101,898	102,818
Merthyr Tydfil	26,918	26,754	27,322	27,313	27,786	27,801	27,635
Caerphilly	77,376	73,257	77,805	80,481	76,690	78,165	80,005
Blaenau Gwent	28,683	26,942	28,694	28,604	28,607	29,103	28,931
Torfaen	40,208	38,452	38,397	39,526	40,952	40,186	40,376
Monmouthshire	35,401	36,661	35,344	35,404	34,351	34,269	34,641
Newport	73,161	72,430	72,574	73,501	76,371	75,219	74,872
Cardiff	148,106	147,098	147,544	147,139	156,843	154,115	151,362
Total Unitary Authorities	1,319,104	1,319,104	1,319,104	1,319,104	1,319,104	1,319,104	1,319,104

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Table 2: Nursery and Primary School Teaching and Other Services IBA, Exemplification 2024-25 settlement (Difference in Options)

	Difference Option a: £000s	Difference Option b: £000s	Difference Option c: £000s	Difference Option 1: £000s	Difference Option 2: £000s	Difference Option 3: £000s	Difference Option a: %	Difference Option b: %	Difference Option c: %	Difference Option 1: %	Difference Option 2: %	Difference Option 3: %
Isle of Anglesey	2,071	355	-899	-1,645	-1,462	-1,705	6.7%	1.2%	-2.9%	-5.4%	-4.8%	-5.5%
Gwynedd	2,369	1,143	-989	-3,160	-2,165	-2,507	4.7%	2.2%	-1.9%	-6.2%	-4.3%	-4.9%
Conwy	-1,098	-793	-414	-1,237	-1,008	-628	-2.5%	-1.8%	-0.9%	-2.8%	-2.3%	-1.4%
Denbighshire	804	72	68	-119	-223	-93	1.9%	0.2%	0.2%	-0.3%	-0.5%	-0.2%
Flintshire	-139	-280	1,266	-825	-726	532	-0.2%	-0.4%	1.9%	-1.3%	-1.1%	0.8%
Wrexham	199	2,419	2,765	913	1,934	2,385	0.3%	4.2%	4.8%	1.6%	3.4%	4.1%
Powys	6,927	1,433	153	-2,035	-2,382	-1,952	12.7%	2.6%	0.3%	-3.7%	-4.4%	-3.6%
Ceredigion	3,676	753	-1,162	-1,367	-1,441	-2,022	12.7%	2.6%	-4.0%	-4.7%	-5.0%	-7.0%
Pembrokeshire	4,457	1,478	453	-1,018	-1,000	-835	8.5%	2.8%	0.9%	-1.9%	-1.9%	-1.6%
Carmarthenshire	1,551	1,058	-1,438	-3,506	-2,234	-2,828	1.9%	1.3%	-1.8%	-4.3%	-2.7%	-3.5%
Swansea	-1,866	-1,334	-562	2,234	1,317	941	-1.9%	-1.4%	-0.6%	2.3%	1.3%	1.0%
Neath Port Talbot	-2,070	177	-279	-440	384	73	-3.5%	0.3%	-0.5%	-0.7%	0.6%	0.1%
Bridgend	-2,741	-1,054	-1,041	290	301	-190	-4.5%	-1.7%	-1.7%	0.5%	0.5%	-0.3%
The Vale of Glamorgan	-520	-590	331	742	209	450	-0.9%	-1.0%	0.6%	1.3%	0.4%	0.8%
Rhondda Cynon Taff	-5,361	-2,663	-367	-574	-509	412	-5.2%	-2.6%	-0.4%	-0.6%	-0.5%	0.4%
Merthyr Tydfil	-164	404	395	868	883	717	-0.6%	1.5%	1.5%	3.2%	3.3%	2.7%
Caerphilly	-4,119	428	3,105	-686	789	2,628	-5.3%	0.6%	4.0%	-0.9%	1.0%	3.4%
Blaenau Gwent	-1,741	11	-79	-77	420	248	-6.1%	0.0%	-0.3%	-0.3%	1.5%	0.9%
Torfaen	-1,756	-1,811	-682	744	-22	168	-4.4%	-4.5%	-1.7%	1.9%	-0.1%	0.4%
Monmouthshire	1,261	-57	3	-1,050	-1,132	-760	3.6%	-0.2%	0.0%	-3.0%	-3.2%	-2.1%
Newport	-731	-587	340	3,210	2,058	1,711	-1.0%	-0.8%	0.5%	4.4%	2.8%	2.3%
Cardiff	-1,009	-563	-967	8,736	6,008	3,256	-0.7%	-0.4%	-0.7%	5.9%	4.1%	2.2%
Total Unitary Authorities												