

Distribution Sub-Group (2016) Paper 19 – Population Projection and Mid-Year Estimate Comparison

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.

Population Projection and Mid-Year Estimate Comparison

Summary

1. This paper provides a comparison of the 2014 mid-year population estimates and the 2011-based population projections for 2014 in an effort to model the likely financial implications on the 2017-18 Settlement of updating the base year of the population projections from 2011 to 2014 when they are released in September.

Views sought

2. The DSG is asked to note the modelled impact of updating the base year of the population projections within the settlement calculations from 2011 to 2014 and agree to use the 2014 based population projections for 2017 when published.

Background

3. In 2010, the DSG agreed that the settlement formula is updated to use population projections instead of mid-year estimates – the rationale being that projections provided a more accurate reflection on the actual population numbers in the relevant settlement year. This was implemented from the 2011-12 settlement onwards.
4. The first set of population projections were based on the 2008 mid-year population estimates. For the 2014-15 Settlement, a new set of population projections were available, based on the 2011 census. DSG recommended to use these from 2014-15, provided an overarching stability mechanism was put in place to minimise any significant losses in funding. This was implemented as recommended.
5. In September 2016, 2014-based population projections are due to be released meaning that they will be available for use in preparing the provisional settlement for 2017-18 but they will not be available in time for detailed consideration by the Distribution Sub Group before the publication of the 2017-18 provisional settlement.
6. It is proposed to use the 2014-based population projections as it is not desirable to make any changes to this dataset between the provisional and final settlements due to the potential for large shifts in funding allocations as a result of this update.
7. The analysis section of this paper compares the 2014 mid-year estimates with the corresponding 2011-based population projections for 2014 in an attempt to shed some light on the possible changes that can be expected when the 2014-based projections are released.

Analysis

8. Table 1 in annex A shows a comparison of the all-ages 2014 mid-year population estimates and the all-ages 2011-based population projections for 2014. The most

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notable increase in percentage share of the indicator when moving from projections to estimates is for Rhondda Cynon Taf with an increase of 0.08%.

9. Notable decreases in percentage share are for Cardiff (0.08%), Wrexham (0.05%), Carmarthenshire and Newport (both 0.04%).
10. Table 2 in annex A looks at the financial implications of updating just the population all ages¹ indicator in the 2014-15 Local Government Settlement from 2011-based 2014 population projections to 2014 mid-year estimates.
11. As reflected in table 1, Rhondda Cynon Taf has the largest increase in funding of £440 thousand, and Cardiff has the greatest reduction, of £416 thousand, followed by Wrexham (£295k), Carmarthenshire (£219k) and Newport (£216k).
12. Assuming the population profiles across all ages and all authorities are consistent with the authorities' 'population all ages' changes, the actual differences in funding will be in the region of 2.5 to 3 times the amounts set out in paragraph 11. Further analysis would need to be carried out to determine the exact financial implications.

Conclusion

13. The analysis in this paper shows that there is likely to be some significant re-distribution of funding in updating the base year of the population projections from 2011 to 2014. This update is, however, in line with DSG's agreed approach to use the most up-to-date population projections for calculation of the local government settlement. Members are asked to consider and agree to use the 2014 based population projections for 2017 when published.

Local Government Finance Policy Welsh Government

¹ Population measures account for around 25% of the settlement formula and the largest of those is 'population all ages', which accounts for over a third of those measures.

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Annex A

Table 1: Comparison of Mid-Year Population Estimates and 2011-based Population Projections, 2014

	2011-based 2014 projections		2014 mid-year estimates		Difference	
	Population	Percentage share	Population	Percentage share	Population	Percentage share
Isle of Anglesey	70,075	2.26%	70,169	2.27%	94	0.01%
Gwynedd	122,425	3.94%	122,273	3.95%	-152	0.01%
Conwy	115,753	3.73%	116,287	3.76%	534	0.03%
Denbighshire	95,126	3.07%	94,791	3.07%	-335	0.00%
Flintshire	153,763	4.95%	153,804	4.97%	41	0.02%
Wrexham	138,905	4.48%	136,714	4.42%	-2,191	-0.05%
Powys	133,997	4.32%	132,675	4.29%	-1,322	-0.03%
Ceredigion	75,764	2.44%	75,425	2.44%	-339	0.00%
Pembrokeshire	123,603	3.98%	123,666	4.00%	63	0.02%
Carmarthenshire	186,832	6.02%	184,898	5.98%	-1,934	-0.04%
Swansea	242,540	7.82%	241,297	7.80%	-1,243	-0.01%
Neath Port Talbot	140,543	4.53%	140,490	4.54%	-53	0.01%
Bridgend	141,589	4.56%	141,214	4.57%	-375	0.00%
Vale of Glamorgan	128,049	4.13%	127,685	4.13%	-364	0.00%
Rhondda Cynon Taf	235,243	7.58%	236,888	7.66%	1,645	0.08%
Merthyr Tydfil	59,567	1.92%	59,065	1.91%	-502	-0.01%
Caerphilly	180,103	5.80%	179,941	5.82%	-162	0.02%
Blaenau Gwent	69,482	2.24%	69,674	2.25%	192	0.01%
Torfaen	91,641	2.95%	91,609	2.96%	-32	0.01%
Monmouthshire	91,836	2.96%	92,336	2.99%	500	0.03%
Newport	148,617	4.79%	146,841	4.75%	-1,776	-0.04%
Cardiff	357,982	11.54%	354,294	11.46%	-3,688	-0.08%
Total Unitary Authorities	3,103,435	100.00%	3,092,036	100.00%	-11,399	0.00%

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Annex A

Table 2: Distributional effects of Using Mid-Year Population Estimates Compared to 2011-based Population Projections

	<i>£000s</i>			
	2014-15 SSA based on population all ages using:		Difference	
	2011-based 2014 projections	2014 mid-year estimates	£000s	Percentage
Isle of Anglesey	12,251	12,313	62	0.50%
Gwynedd	21,403	21,455	52	0.24%
Conwy	20,237	20,405	168	0.83%
Denbighshire	16,631	16,633	3	0.02%
Flintshire	26,882	26,988	106	0.40%
Wrexham	24,284	23,989	-295	-1.21%
Powys	23,426	23,281	-146	-0.62%
Ceredigion	13,246	13,235	-11	-0.08%
Pembrokeshire	21,609	21,700	91	0.42%
Carmarthenshire	32,663	32,444	-219	-0.67%
Swansea	42,403	42,341	-62	-0.15%
Neath Port Talbot	24,571	24,652	81	0.33%
Bridgend	24,754	24,779	25	0.10%
Vale of Glamorgan	22,386	22,405	19	0.08%
Rhondda Cynon Taf	41,127	41,567	440	1.07%
Merthyr Tydfil	10,414	10,364	-50	-0.48%
Caerphilly	31,487	31,575	88	0.28%
Blaenau Gwent	12,147	12,226	78	0.65%
Torfaen	16,021	16,075	53	0.33%
Monmouthshire	16,055	16,202	147	0.92%
Newport	25,982	25,766	-216	-0.83%
Cardiff	62,585	62,169	-416	-0.67%
Total Unitary Authorities	542,564	542,564	0	0.00%