

Distribution Sub-Group (2017) Paper 13 – Indicator Based Assessment Analysis

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Indicator Based Assessment Analysis

Summary

1. This paper summarises the construction of the current Indicator Based Assessments (IBAs).

Views sought

2. The paper is intended to inform members' considerations on the opportunities for rationalising the formula.

Related papers

3. Distribution Sub-Group (2017) Paper 6 – Formula Simplification
Distribution Sub-Group (2010) Paper 20 – Simplifying the distribution formulae for specific services

Distribution Sub-Group (2017) Paper 13 – Indicator Based Assessment Analysis

Background

4. To produce the local government settlement funding distribution, there are 4,305 individual data items to be sourced, validated and processed by running 24 separate statistical programmes. There are 68 indicators of need, which make up 50 individual formulae designed to cover the range of local government services. Some of these formulae represent very small services indeed, for example, there is a formula to distribute £1.3 million across Authorities for coast protection. A number of these formulae are either subjective or based on a single indicator of need, with a strong focus on population-based indicators.

Analysis

5. Table 1 in annex 1 details the IBAs used to distribute the 2017-18 settlement, along with the amount of Standard Spending Assessment (SSA) they distribute; the year in which they were last reviewed; and the method of construction of the formula, whether statistical or otherwise.
6. This table previously formed part of the work programme and the rolling 5-year review timetable of IBAs. This process was put on hold a number of years ago in an attempt to create further stability within the formula and to allow the DSG to focus on more long-term considerations.
7. With regards to the possibility of reducing the number of IBAs, there is limited scope within the first five sectors, particularly within the schools and education sectors, where the formulae are largely based on complex statistical models and fit into well-defined service areas, based primarily on age.
8. There may be some scope to look at reviewing the roads and transport sector, but there appears to be a greater opportunity within the other services sector, which contains the majority of the IBAs that are either subjective or based on a single indicator of need.
9. Table 2 in annex 2 looks in greater detail at the IBAs within the Other Services sector and provides further information on the indicators used within these IBAs, along with the change in the overall Wales level Revenue Outturn (RO) expenditure data that feeds into the model since the each IBA was last reviewed or updated, in an attempt to give an indication of how much the service may have changed.
10. Out of the nine IBAs that are distributed on subjective formulae, the largest indicator for six of these is population-based, and in five of those cases it is the same indicator – population all ages.
11. Of the IBAs that are distributed on a single indicator of need, 40% of these are distributed on population-based indicators, with the remaining IBAs being distributed on very specific indicators (albeit with five out of six distributing less than £5 million each).
12. With regards to the change in RO data over the period since the last review, it is difficult to tell if the data represents an actual shift in the way the service is delivered without seeing a time series of the data. However, some services stand out as having significant shifts in the expenditure data.

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13. It is not known when the council tax administration IBA was last reviewed and, therefore, the table compares the RO data used in the 2017-18 settlement with the RO data collected in 1998-99. This shows an increase of around £18 million (or 145%) across Wales.
14. RO expenditure on cemeteries and crematoria has gone from around plus £4 million in to minus £1 million in the time since it was last reviewed, showing a clear shift in the way the service is delivered.
15. Finally, refuse disposal expenditure has increased by £50 million (or 140%) since 1998-99, which may reflect the increased focus on recycling.

Conclusion

16. The DSG are asked to consider the information in this paper and to discuss the potential for rationalising some of the individual IBAs within the formula.

Local Government Finance & Performance Welsh Government

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Annex 1

Table 1: Summary of Construction of Indicator Based Assessments, 2017-18

Sector	Service Description	2017-18 Final Services IBA totals	Formula last reviewed (R) or updated (U)	Multi-level regression	OLS regression	Subjective	Single indicator/client group
Schools	Nursery and primary school teaching and other services	1,010,588,814	U 2003	X			
	Secondary school teaching and other services	810,047,653	U 2003	X			
	Nursery and primary school transport services	25,662,820	U 2001		X		
	Secondary school transport services	51,256,264	U 2001		X		
	School meals	44,022,965	R 2012		X		
	Special education	214,878,852	R 2006			X	
Other Education	Adult and continuing education	7,238,816	U 2001			X	
	Adult and continuing education transport	8,663,146	R 2005			X	
	Youth services	21,932,210	U 2000			X	
	Education administration	2,964,228	n/a				X
Social Services	Children and young persons (PSS)	426,830,150	U 2010	X			
	Younger adults' personal social services	493,078,393	U 2010	X			
	Older adults' residential and domiciliary care	536,391,730	U 2010	X			
	Increasing Capital Limits for Residential Care	4,500,000	n/a	X			
	PSS administration	9,435,018	n/a				X
Roads & Transport	Road maintenance	130,172,698	U 2006		X		
	Public transport revenue support	15,967,426	R 2005		X		
	Concessionary fares	9,377,070	R 2004			X	
	Road safety education and safe routes	4,491,725	U 2010			X	
	Street lighting	32,059,456	R 2012				X
Fire	Fire service	130,867,800	R 2000				X
Other Services	Refuse collection	98,577,926	R 2006		X		
	Cultural services	33,886,417	R 2005		X		
	Economic development	32,297,278	U 2007		X		
	Other environmental health and port health	44,647,723	R 2005			X	
	Planning	24,819,979	R 2001			X	
	Recreation	149,201,742	R 2005			X	
	Non HRA housing	34,033,372	U 2008			X	
	Homelessness Prevention	6,000,000	n/a			X	
	Street Cleansing	58,325,405	U 2013			X	
	Food safety	11,903,602	R 2001			X	
	Consumer protection	14,292,223	U 2013			X	
	Council tax administration	36,672,233	unknown			X	
	Electoral registration	6,538,509	unknown				X
	Cemeteries and crematoria	-1,227,499	U 2000				X
	Coast protection	1,277,097	unknown				X
	Library services	56,555,753	unknown				X
	Refuse disposal	103,722,721	unknown				X
	Council Tax Reduction Schemes Administration Subsidy	4,770,000	n/a				X
	Other services	73,682,762	R 2000				X
	General administration	94,999,187	n/a				X
Drainage	1,143,754	unknown				X	
National parks	3,175,000	unknown				X	
DG	Deprivation Grant	22,000,000	R 2010			X	
CTRS	Council Tax Reduction Schemes	244,000,000	n/a				X
Total Wales current SSA		5,145,722,419					

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Annex 2

Table 2: Further Analysis of the Other Services Indicator Based Assessments, 2017-18

	2017-18 Final Services IBA totals	Formula last reviewed (R) or updated (U)	Multi-level regression	OLS regression	Subjective	Single indicator/client group	Indicator 1	Indicator 2	Indicator 3	Indicator 4	RO build at last review / update (98-99 for unknown)	2015-16 RO build	Difference
Refuse collection	98,577,926	R 2006		X									
Cultural services	33,886,417	R 2005		X									
Economic development	32,297,278	U 2007		X									
Other environmental health and port health	44,647,723	R 2005			X	94% pop all ages	5% sett 7,500	1% ships			35,516	36,959	4%
Planning	24,819,979	R 2001			X	75% pop all ages	25% plan apps				31,054	20,546	-34%
Recreation	149,201,742	R 2005			X	80% pop all ages	15% claimants	5% sett 7,500			110,804	123,508	11%
Non HRA housing	34,033,372	U 2008			X	31.3% homeless	29.2% dwellings	23.2% House GCF	16.3% Housing Ben		37,405	28,173	-25%
Homelessness Prevention	6,000,000	n/a			X	31.3% homeless	29.2% dwellings	23.2% House GCF	16.3% Housing Ben		n/a	n/a	n/a
Street Cleansing	58,325,405	U 2013			X	73.7% enhanced pop	26.3% Urb roads				52,315	48,281	-8%
Food safety	11,903,602	R 2001			X	54.1% pop all ages	45.9% food prem				5,452	9,854	81%
Consumer protection	14,292,223	U 2013			X	40% pop all ages	40% claimants	20% trad premises			16,615	11,831	-29%
Council tax administration	36,672,233	unknown			X	75% dwellings	25% pop 18+				12,394	30,357	145%
Electoral registration	6,538,509	unknown				pop 18+					2,699	5,413	101%
Cemeteries and crematoria	-1,227,499	U 2000				deaths					4,184	-1,016	-124%
Coast protection	1,277,097	unknown				coast lengths					830	1,057	27%
Library services	56,555,753	unknown				pop all ages					35,371	46,817	32%
Refuse disposal	103,722,721	unknown				enhanced pop					35,712	85,861	140%
Council Tax Reduction Schemes Administration Subsidy	4,770,000	n/a				CTRS caseload					n/a	n/a	n/a
Other services	73,682,762	R 2000				Pop all ages					43,909	60,994	39%
General administration	94,999,187	n/a				n/a					55,795	78,640	41%
Drainage	1,143,754	unknown				levies					n/a	n/a	n/a
National parks	3,175,000	unknown				levies					n/a	n/a	n/a