

Distribution Sub-Group (2019) Paper 16 – Assessing the impact of universal credit on the PLASC FSM data

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.

Assessing the impact of universal credit on the PLASC FSM data

Summary

1. This paper undertakes further analysis to determine if the staggered roll out of universal credit has caused a distributional change in free school meals eligibility data, after the 2018 analysis was inconclusive.

Views sought

2. DSG are asked to discuss the treatment of the data source for the 2020-21 settlement and future settlements.

Related papers

3. Distribution Sub-Group (2019) Paper 15 – Updating the Settlement with 2019 PLASC data
Distribution Sub-Group (2018) Paper 23 – Assessing the impact of universal credit on the PLASC FSM data
Distribution Sub Group (2018) - Paper 19 - 2018 PLASC data
Distribution Sub Group (2018) - Paper 11 - Free School Meals indicator analysis
[Distribution Sub Group \(2018\) - Paper 04 - Free School Meals volatility](#)

Background

4. The Settlement indicators relating to pupil numbers are updated on an annual basis using the latest Pupil Level Annual School Census. The data is a snapshot at January of the academic year and is subject to a rigorous validation exercise undertaken by statistical colleagues and the Local Government Finance team within the Welsh Government.
5. The PLASC is the most accurate and robust source of data for pupil numbers and using this as a proxy for need to spend on education services ensures that the Settlement remains reactive to real movements in the number of pupils requiring education.
6. Eligibility for Free School Meals is used as a deprivation proxy for the additional need to spend on teaching and other services, but is not used as a deprivation proxy for the need to spend on school meals.

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7. The eligibility criteria for FSMs in Wales, during the January 2019 data collection, were parents of pupils who are still at school and receive one of the following:
 - Income Support
 - income-based Jobseeker's Allowance
 - income-related Employment and Support Allowance
 - support under Part VI of the Immigration and Asylum Act 1999
 - the guaranteed element of Pension Credit
 - Child Tax Credit (provided you're not also entitled to Working Tax Credit and have an annual gross income of no more than £16,190)
 - Working Tax Credit run-on - paid for 4 weeks after you stop qualifying for Working Tax Credit
 - Universal Credit (temporary measure)
8. DSG (2017) Paper 08 highlighted that in the 2017 PLASC data, overall eligibility for FSM decreased and universal credit was seen to have little impact on – the then only fully rolled out authority - Flintshire.
9. The group expressed concerns over the 2018 data (DSG (2018) Paper 19), questioning whether the increases in the Flintshire and Torfaen authorities could be attributed to those on universal credit having blanket eligibility for FSM.
10. Similarly, DSG (2018) Paper 23 highlighted that in the 2018 PLASC data, overall eligibility for FSM decreased, at a Wales level, but universal credit was seen to have some impact between authorities in particular two of the six authorities (Flintshire and Torfaen) that were rolled out onto universal credit (see chart 1 below). Due to the low number of authorities that were on universal credit, the analysis was deemed inconclusive.
11. This paper now investigates the 2019 PLASC data to assess if universal credit has had a distributional impact on the eligibility for Free school meals (eFSM) data (this paper does not include the latest educated other than at home (EOTAS) as the figures are relatively small in comparison).

Analysis

12. Currently there is no way to differentiate the number of children that are eligible for FSM due to their parents receiving universal credit or the other eligibility criteria outlined above. This paper aims to bring together potential data sources to understand whether

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the increase in FSM figures in certain LAs can be attributed to universal credit and provide possible alternatives to the current method used.

13. Table 1 demonstrates the number of children eligible for FSM from 2015/16 to 2018/19. At the July 2018 DSG, the group were concerned over the increase in the FSM figures for both Flintshire and Torfaen.

Table 1: Number of children eligible for free school meals, in reception to year 11, by academic year

| | Change 2018/19 - 2015/16 | | | | Change | Percentage change |
|-------------------|--------------------------|---------------|---------------|---------------|--------------|-------------------|
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | | |
| Isle of Anglesey | 1,393 | 1,344 | 1,290 | 1,315 | - 78 | -5.6% |
| Gwynedd | 1,939 | 1,866 | 1,826 | 1,780 | - 159 | -8.2% |
| Conwy | 2,166 | 2,225 | 2,079 | 2,288 | 122 | 5.6% |
| Denbighshire | 2,477 | 2,374 | 2,324 | 2,567 | 90 | 3.6% |
| Flintshire | 3,009 | 2,782 | 3,039 | 3,460 | 451 | 15.0% |
| Wrexham | 2,778 | 2,892 | 2,825 | 3,116 | 338 | 12.2% |
| Powys | 1,624 | 1,697 | 1,664 | 1,680 | 56 | 3.4% |
| Ceredigion | 963 | 924 | 951 | 954 | - 9 | -0.9% |
| Pembrokeshire | 2,387 | 2,535 | 2,292 | 2,391 | 4 | 0.2% |
| Carmarthenshire | 4,058 | 3,857 | 3,731 | 3,896 | - 162 | -4.0% |
| Swansea | 5,947 | 6,048 | 6,035 | 6,674 | 727 | 12.2% |
| Neath Port Talbot | 4,213 | 4,062 | 3,978 | 4,371 | 158 | 3.8% |
| Bridgend | 3,539 | 3,369 | 3,427 | 3,637 | 98 | 2.8% |
| Vale of Glamorgan | 2,407 | 2,365 | 2,297 | 2,337 | - 70 | -2.9% |
| Rhondda Cynon Taf | 6,971 | 6,961 | 6,784 | 6,731 | - 240 | -3.4% |
| Merthyr Tydfil | 1,672 | 1,597 | 1,574 | 1,601 | - 71 | -4.2% |
| Caerphilly | 5,564 | 5,167 | 5,009 | 4,896 | - 668 | -12.0% |
| Blaenau Gwent | 2,262 | 1,852 | 1,859 | 1,859 | - 403 | -17.8% |
| Torfaen | 2,360 | 2,249 | 2,486 | 2,928 | 568 | 24.1% |
| Monmouthshire | 1,136 | 1,058 | 1,090 | 1,134 | - 2 | -0.2% |
| Newport | 4,101 | 4,013 | 3,897 | 4,419 | 318 | 7.8% |
| Cardiff | 9,743 | 9,743 | 9,192 | 9,879 | 136 | 1.4% |
| Wales | 72,709 | 70,980 | 69,649 | 73,913 | 1,204 | 1.7% |

Source: Pupil Level Annual School Census (PLASC), Welsh Government

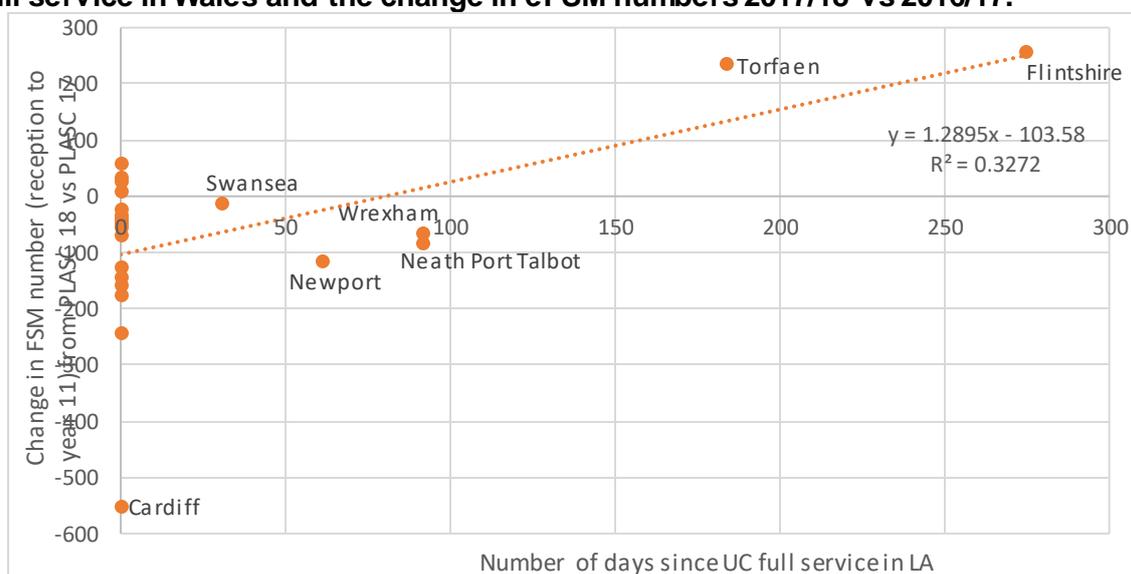
Note: These figures may differ to those on StatsWales as this analysis includes pupils in reception to year group 11.

14. If we compare the 2018/19 PLASC figures to the 2015/16 figures we notice an increase in the overall eFSM numbers. More importantly the percentage change column gives us an understanding of the relative change within that authority.

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15. The largest percentage increase is in Torfaen, up 24.1% since 2015/16, followed by Flintshire up 15.0%. With Blaenau Gwent seeing the largest percentage decrease (down 17.8%), although has been relatively stable since 2016/17.
16. The previous analysis compared authorities with households on universal credit with dependent children to the PLASC data, although this provides some overview of the relationship between the datasets it compares households with pupils, which could confound the effect of multiple children families.
17. This paper looks at the relationship between the eFSM PLASC data and the number of days since the local authority rollout of UC full service in Wales (<https://gov.wales/sites/default/files/publications/2019-03/impact-of-welfare-reform-on-households-in-wales.pdf>).
18. This analysis assumes that the universal credit and the PLASC date takes place on the first day of the month.
19. Chart 1 looks at the relationship between the number of days since Universal credit full service and the change in 2017/18 eFSM data and the 2016/17 eFSM. The 2016/17 eFSM data is used here because this would have been the last year where universal credit would not have had an impact on the dataset.
20. This chart shows some relationship between the number of days since the LA was on full service and the change in pupil numbers on the service, with an $R^2 = 32.7\%$.
21. Did Universal Credit have an impact on the eFSM analysis? Although the analysis was statistically significant, it was deemed it to be inconclusive as only 6 authorities had been rolled out onto universal credit at this point.

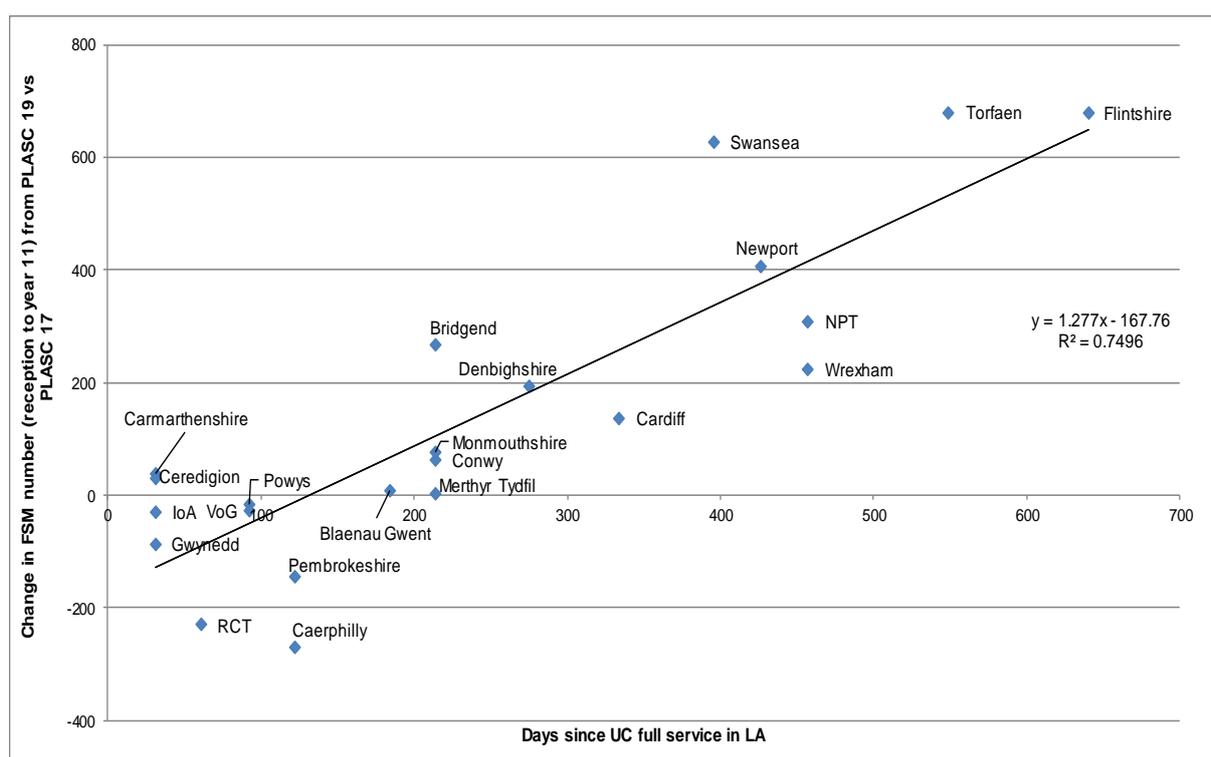
Chart 1: The relationship between the number of days since an authority rollout of UC full service in Wales and the change in eFSM numbers 2017/18 vs 2016/17.



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22. Chart 2 looks at the change in the latest eFSM data for 2018/19 compared to the 2016/17 and the number of days since universal credit full service was rolled out in the authority.
23. As shown in chart 2 the relationship between both variables has increased further, with $R^2 = 74.96\%$. This chart suggests there is a relationship with those authorities that have had universal credit full service for longer.

Chart 2: The relationship between the number of days since an authority rollout of UC full service in Wales and the change in eFSM numbers 2018/19 vs 2016/17



24. The chart shows 4 clusters:

Cluster one - The first two authorities that had full universal credit service which had been on the full service for more than 500 days (Torfaen and Flintshire). This cluster sees a high increase in pupil eFSM. It's worth noting that if Flintshire's eFSM change would be less if the 2015/16 eFSM data were used, see table 1.

Cluster two – The next four authorities that rolled onto Universal credit between 395 days and 500 (Swansea, Newport, NPT and Wrexham). These reflect a notable increase in the number eFSM. Note, this chart looks at the change in eFSM numbers, some of the analysis will be confounded by the population size of that local authority (i.e. Swansea) (see annex A for an additional chart by percentage change).

Cluster three – The authorities that have been on the service between 200 and 395 days. All of these authorities see some level of increase in eFSM numbers.

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Cluster four - These authorities have had the full service for less than 200 days. In these authorities there are varied changes, similar to what was shown in chart 1. Due to the short length of time on the full service, authorities were probably unlikely to have been able to process claims or individuals may not have been fully aware that receiving universal credit meant that their children were eligible for free school meals.

25. This demonstrates that the length an authority has been on universal credit has had some impact on the distribution of the eFSM data.

Financial implications

26. Since the 2019-20 local government settlement a three year average of the eFSM data has been used to reduce the volatility in the data.

27. Table 2, highlights the financial impact of changing this data to the most up-to-date three year average compared with that used in the 2019-20 settlement.

28. Swansea and Torfaen had the largest financial increase when the latest eFSM 3 year average was used (up £468k and £422k). Caerphilly had the largest financial decrease (down £606k). Whilst Blaenau Gwent saw the largest percentage decrease, down 0.8% (or £368k).

Table 2: Financial impact of updating the eFSM data

| | 2019-20 Final settlement | Updated PLASC data | Difference (£s) | |
|-----------------------|--------------------------|----------------------|-----------------|-------|
| Isle of Anglesey | 52,711,605 | 52,623,683 | - 87,922 | -0.2% |
| Gwynedd | 91,265,880 | 91,117,083 | - 148,797 | -0.2% |
| Conwy | 78,465,029 | 78,509,727 | 44,699 | 0.1% |
| Denbighshire | 76,847,614 | 76,913,724 | 66,110 | 0.1% |
| Flintshire | 113,500,984 | 113,774,940 | 273,956 | 0.2% |
| Wrexham | 96,304,937 | 96,526,795 | 221,858 | 0.2% |
| Powys | 95,795,454 | 95,811,142 | 15,688 | 0.0% |
| Ceredigion | 52,760,442 | 52,741,802 | - 18,641 | 0.0% |
| Pembrokeshire | 89,664,425 | 89,631,814 | - 32,611 | 0.0% |
| Carmarthenshire | 139,851,759 | 139,689,127 | - 162,632 | -0.1% |
| Swansea | 168,453,428 | 168,921,652 | 468,223 | 0.3% |
| Neath Port Talbot | 105,443,847 | 105,484,337 | 40,489 | 0.0% |
| Bridgend | 104,139,635 | 104,161,299 | 21,664 | 0.0% |
| The Vale of Glamorgan | 98,826,884 | 98,737,049 | - 89,835 | -0.1% |
| Rhondda Cynon Taf | 185,305,633 | 185,049,781 | - 255,852 | -0.1% |
| Merthyr Tydfil | 43,690,583 | 43,622,843 | - 67,740 | -0.2% |
| Caerphilly | 139,798,283 | 139,192,052 | - 606,231 | -0.4% |
| Blaenau Gwent | 47,757,850 | 47,389,929 | - 367,921 | -0.8% |
| Torfaen | 70,644,549 | 71,066,053 | 421,504 | 0.6% |
| Monmouthshire | 59,644,047 | 59,640,944 | - 3,103 | 0.0% |
| Newport | 116,404,121 | 116,585,160 | 181,039 | 0.2% |
| Cardiff | 246,319,826 | 246,405,881 | 86,055 | 0.0% |
| Wales | 2,273,596,818 | 2,273,596,818 | | |

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Next steps

29. This section outlines some of the options available to DSG and Welsh Government to ensure that the distribution of funding is not distorted by the gradual rollout of universal credit.
30. Options available:
 1. Freeze the data at a historic average.
 2. Continue using the current data, as now all authorities have been rolled onto the full service, bearing in mind that, with transitional protection being introduced, those authorities that were part of the earlier rollout will have inflated eligibility figures for the duration of the protection.
 3. Replace with a new data source - a decision whether this would be treated as a straight swap or if re-calibrating the indicator weighting would be required.
 4. Attempt to either reverse out the impact of the early rollout or to project an earlier rollout on those authorities that were part of the later rollout.
31. DSG are asked to discuss their options going forward, but to note that a decision for 2020-21 will be needed in time to feed in to the DSG report, which will go to the FSG on 25 September.

Conclusion

32. This analysis suggests there is a relationship between the number of days on universal credit and the change in eFSM pupil numbers, meaning that the distribution of funding could be favouring those that have had Universal credit rolled out in their authority for longer.
33. DSG members are asked to consider and discuss the analysis included in this paper and whether they would like to review the eFSM data item for the 2020-21 settlement, considering the four options outlined above as ways forward.
34. DSG are all asked to consider the cross funding implications of this, with eFSM used to distribute funding for other grants (i.e. PDG).

**Local Government Finance and Workforce Partnerships
Welsh Government**

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Annex A – Chart showing the number of days since universal credit was rolled out in the authority and the percentage change in eFSM numbers between 2019 and 2017.

