

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.

eFSM data in the settlement

Summary

1. This paper provides analysis of the eligible for Free School Meals (eFSM) pupil numbers taken from the April 2021 Pupil Level Annual School Census (PLASC).
2. This looks at the eFSM data over time and looks at the financial implications of a series of options of updating the current frozen dataset.

Views sought

3. DSG members are asked to consider whether or not to update to the latest PLASC data.
4. If DSG are inclined to update the dataset, they're asked whether they would like a subsequent paper on exemplifying the impact of including those transitionally protected.

Related Papers

Distribution Sub-Group (2020) Paper 16 – Assessing the Impact of Universal Credit on the 2020 PLASC FSM data

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

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

Background

5. Eligibility for Free School Meals (eFSM) is used as a proxy of deprivation in the assessment of relative need to spend on teaching and other services in the local government settlement, but is not used as a proxy for the need to spend on school meals.
6. The introduction of universal credit meant that the eligibility criteria for eFSM changed so that all children of families on universal credit would become eFSM until 31 March 2019.
7. Subsequently the Welsh Government introduced a net annualised earnings threshold of £7,400 for Universal Credit claimants wishing to claim free school meals.

Distribution Sub-Group (2020) Paper 15 – Impact of 2020 PLASC pupil numbers on the settlement

8. The gradual rollout of Universal Credit meant that local authorities did not all start providing the benefit simultaneously, with some starting much earlier than others.
9. As the distribution mechanism of the settlement is dependent on an authority's relative share of an indicator, any situation which enables an authority to unfairly increase their share of an indicator more quickly than another can have large financial bearing on the funding.
10. Previous analysis (DSG 2019 – Paper 16) has shown a relationship between the number of days an authority had been providing universal credit and the change in eFSM pupil numbers i.e. the longer an area provided universal credit the larger their increase in eFSM pupils in that given year.
11. Within the settlement context, this would mean that the distribution of funding would favour those authorities that were able to provide Universal credit for longer. At this point DSG agreed to freeze the eFSM data used in the settlement as a three year average up to 2018.
12. This paper looks at the latest data and provides a series of options for DSG to consider if they wish to unfreeze the eFSM data.

Analysis

13. This paper considers only those eFSM during PLASC, therefore this does not consider those additional pupils which are transitionally protected i.e. where their families' circumstance no longer meets the eligibility criteria but they previously did, so the children are still eligible to receive the free school meals.
14. The PLASC data collection was completed in April 2021. As this was during the Covid-19 pandemic, there might also be other confounding factors affecting the 2021 data during a period where we have seen a large rise in the number of benefits claimants, which may have affected areas at different rates.
15. Table 1 in Annex A shows the change in pupils eFSM since 2016 by age group and local authority. This table also provides the date of universal credit going live in an authority for contextual information.
16. Across Wales there are provisionally 32.2% more pupils eFSM in 2021 than in 2017 (data prior to universal credit) in primary schools, and 40.7% in secondary schools.
17. These ranged significantly between areas, for example in primary school year groups this ranged from a 2.2 decrease in Pembrokeshire to a 73.3% increase in Torfaen. The same authorities also have the lowest and highest increase in the secondary year groups (+2.1% and +78.1%)
18. The relative shares of each dataset by authority, year and pupil year group is shown in Annex a table 2.
19. When comparing the 2021 data with the 3-year average up to 2018 (currently used in the settlement) we see a range of different relative increases, with primary in Caerphilly having the largest relative decrease of 0.9 percentage points and Torfaen seeing the largest relative increase up 0.7 percentage

Distribution Sub-Group (2020) Paper 15 – Impact of 2020 PLASC pupil numbers on the settlement

points. A similar pattern is seen within the secondary school years dataset with Caerphilly seeing the largest relative decrease of 0.9 percentage points and Cardiff seeing a 1.8 percentage points increase.

Re-distribution of AEF

20. Table 3 in Annex A demonstrates the financial impact (AEF) of updating the dataset through different combinations. The four options provided are:
 - a) continue to freeze at the average of 2016, 2017, 2018;
 - b) taking an average of 2019, 2020 and 2021;
 - c) taking an average of 2017, 2018 and 2021;
 - d) taking an average of 2016, of 2017, 2018 and 2021.
21. Option (b) demonstrates large increase to those that were early adopters of Universal credit with Torfaen and Flintshire seeing the largest monetary increase (up £1.4m and £1.1m). Caerphilly and Pembrokeshire see the largest decrease (£1.7m and £896k).
22. Given previous analysis showed the 2019 and 2020 data are largely impacted by the timings of universal credit this option is not recommended.
23. Option (c) replaces the 2016 data with the latest 2021 data. This shows less change to the distribution than the first option, with the change in AEF ranging from a decrease of £1.0m in Caerphilly to a £916k increase in Cardiff.
24. Similar to option (c), option (d) uses the 2021 data but replaces the 3-year average with a 4-year average to attempt to smooth some of the financial implications. AEF ranges from a decrease of £655k in Caerphilly to an increase of £652k in Cardiff.

Conclusion

25. DSG are asked to discuss the dataset and provide their recommendations on whether they would like to unfreeze the dataset for the 2022-23 settlement setting their preferred option.
26. If DSG would like to consider updating this dataset, they are asked to consider whether those transitionally protected should also be included in the calculation.
27. If the group would like to keep the dataset frozen for 2022-23 they're asked whether they would like us to start considering alternative datasets later this year or early in 2022.

Distribution Sub-Group (2020) Paper 15 – Impact of 2020 PLASC pupil numbers on the settlement

Annex A

Table 1 – Number of pupils eFSM by local authority, year and age group

| UC live LA | Reception to Year 6 | | | | | | Year 7 to 11 | | | | | | % difference (2021 - 2017) | |
|--------------------------|---------------------|---------------|---------------|---------------|---------------|-------------------|---------------|---------------|---------------|---------------|---------------|-------------------|----------------------------|--------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 ^a | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 ^a | Primary | Secondary |
| Dec-18 Isle of Anglesey | 869 | 855 | 805 | 844 | 923 | 1,125 | 524 | 489 | 485 | 471 | 520 | 690 | 31.6% | 41.1% |
| Dec-18 Gwynedd | 1,247 | 1,216 | 1,161 | 1,111 | 1,187 | 1,671 | 692 | 650 | 665 | 669 | 713 | 1,004 | 37.4% | 54.5% |
| Jun-18 Conwy | 1,351 | 1,430 | 1,313 | 1,463 | 1,425 | 1,844 | 815 | 795 | 766 | 825 | 800 | 1,080 | 29.0% | 35.8% |
| Apr-18 Denbighshire | 1,538 | 1,471 | 1,462 | 1,577 | 1,779 | 2,110 | 939 | 903 | 862 | 990 | 1,147 | 1,429 | 43.4% | 58.3% |
| Apr-17 Flintshire | 1,951 | 1,760 | 1,955 | 2,226 | 2,484 | 2,753 | 1,058 | 1,022 | 1,084 | 1,234 | 1,459 | 1,731 | 56.4% | 69.4% |
| Oct-17 Wrexham | 1,914 | 2,012 | 1,962 | 2,161 | 2,328 | 2,695 | 864 | 880 | 863 | 955 | 1,113 | 1,342 | 33.9% | 52.5% |
| Oct-18 Powys | 998 | 1,065 | 1,040 | 1,052 | 1,198 | 1,513 | 626 | 632 | 624 | 628 | 779 | 1,007 | 42.1% | 59.3% |
| Dec-18 Ceredigion | 618 | 565 | 592 | 575 | 704 | 787 | 345 | 359 | 359 | 379 | 457 | 462 | 39.3% | 28.7% |
| Sep-18 Pembrokeshire | 1,506 | 1,601 | 1,416 | 1,545 | 1,530 | 1,566 | 881 | 934 | 876 | 846 | 879 | 954 | -2.2% | 2.1% |
| Dec-18 Carmarthenshire | 2,492 | 2,427 | 2,338 | 2,392 | 2,685 | 3,199 | 1,566 | 1,430 | 1,393 | 1,504 | 1,705 | 2,030 | 31.8% | 42.0% |
| Dec-17 Swansea | 3,824 | 3,828 | 3,829 | 4,284 | 4,326 | 4,635 | 2,123 | 2,220 | 2,206 | 2,390 | 2,491 | 2,791 | 21.1% | 25.7% |
| Oct-17 Neath Port Talbot | 2,591 | 2,430 | 2,467 | 2,766 | 2,863 | 3,233 | 1,622 | 1,632 | 1,511 | 1,605 | 1,628 | 1,907 | 33.0% | 16.9% |
| Jun-18 Bridgend | 2,246 | 2,173 | 2,226 | 2,352 | 2,609 | 2,877 | 1,293 | 1,196 | 1,201 | 1,285 | 1,383 | 1,655 | 32.4% | 38.4% |
| Oct-18 Vale of Glamorgan | 1,490 | 1,461 | 1,478 | 1,517 | 1,702 | 2,083 | 917 | 904 | 819 | 820 | 936 | 1,232 | 42.6% | 36.3% |
| Nov-18 Rhondda Cynon Taf | 4,435 | 4,449 | 4,312 | 4,227 | 4,762 | 5,583 | 2,536 | 2,512 | 2,472 | 2,504 | 2,819 | 3,450 | 25.5% | 37.3% |
| Jun-18 Merthyr Tydfil | 1,074 | 1,009 | 1,005 | 1,026 | 1,061 | 1,253 | 598 | 588 | 569 | 575 | 564 | 754 | 24.2% | 28.2% |
| Sep-18 Caerphilly | 3,379 | 3,167 | 3,051 | 3,010 | 3,278 | 3,686 | 2,185 | 2,000 | 1,958 | 1,886 | 2,025 | 2,388 | 16.4% | 19.4% |
| Jul-18 Blaenau Gwent | 1,486 | 1,213 | 1,229 | 1,255 | 1,390 | 1,742 | 776 | 639 | 630 | 604 | 698 | 910 | 43.6% | 42.4% |
| Jul-17 Torfaen | 1,501 | 1,373 | 1,538 | 1,824 | 2,008 | 2,379 | 859 | 876 | 948 | 1,104 | 1,280 | 1,560 | 73.3% | 78.1% |
| Jun-18 Monmouthshire | 730 | 675 | 697 | 726 | 859 | 1,073 | 406 | 383 | 393 | 408 | 468 | 612 | 59.0% | 59.8% |
| Nov-17 Newport | 2,607 | 2,568 | 2,485 | 2,886 | 2,774 | 3,358 | 1,494 | 1,445 | 1,412 | 1,533 | 1,671 | 2,113 | 30.8% | 46.2% |
| Feb-18 Cardiff | 6,366 | 6,321 | 5,968 | 6,338 | 7,008 | 8,421 | 3,377 | 3,422 | 3,224 | 3,541 | 4,100 | 5,366 | 33.2% | 56.8% |
| Wales | 46,213 | 45,069 | 44,329 | 47,157 | 50,883 | 59,586 | 26,496 | 25,911 | 25,320 | 26,756 | 29,635 | 36,467 | 32.2% | 40.7% |

^a 2021 data are still provisional.

Distribution Sub-Group (2020) Paper 15 – Impact of 2020 PLASC pupil numbers on the settlement

Table 2 - Relative share of the number of pupils eFSM, by local authority, year and age group¹

| | Reception to Year 6 | | | | | | Year 7 to 11 | | | | | | % difference (2021 - 3-year average to 2018) | |
|-------------------|---------------------|-------|-------|-------|-------|-------|--------------|-------|-------|-------|-------|-------|--|-----------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | Primary | Secondary |
| Isle of Anglesey | 1.9% | 1.9% | 1.8% | 1.8% | 1.8% | 1.9% | 2.0% | 1.9% | 1.9% | 1.8% | 1.8% | 1.9% | 0.0% | 0.0% |
| Gwynedd | 2.7% | 2.7% | 2.6% | 2.4% | 2.3% | 2.8% | 2.6% | 2.5% | 2.6% | 2.5% | 2.4% | 2.8% | 0.1% | 0.2% |
| Conwy | 2.9% | 3.2% | 3.0% | 3.1% | 2.8% | 3.1% | 3.1% | 3.1% | 3.0% | 3.1% | 2.7% | 3.0% | 0.1% | -0.1% |
| Denbighshire | 3.3% | 3.3% | 3.3% | 3.3% | 3.5% | 3.5% | 3.5% | 3.5% | 3.4% | 3.7% | 3.9% | 3.9% | 0.2% | 0.4% |
| Flintshire | 4.2% | 3.9% | 4.4% | 4.7% | 4.9% | 4.6% | 4.0% | 3.9% | 4.3% | 4.6% | 4.9% | 4.7% | 0.4% | 0.7% |
| Wrexham | 4.1% | 4.5% | 4.4% | 4.6% | 4.6% | 4.5% | 3.3% | 3.4% | 3.4% | 3.6% | 3.8% | 3.7% | 0.2% | 0.3% |
| Powys | 2.2% | 2.4% | 2.3% | 2.2% | 2.4% | 2.5% | 2.4% | 2.4% | 2.5% | 2.3% | 2.6% | 2.8% | 0.3% | 0.3% |
| Ceredigion | 1.3% | 1.3% | 1.3% | 1.2% | 1.4% | 1.3% | 1.3% | 1.4% | 1.4% | 1.4% | 1.5% | 1.3% | 0.0% | -0.1% |
| Pembrokeshire | 3.3% | 3.6% | 3.2% | 3.3% | 3.0% | 2.6% | 3.3% | 3.6% | 3.5% | 3.2% | 3.0% | 2.6% | -0.7% | -0.8% |
| Carmarthenshire | 5.4% | 5.4% | 5.3% | 5.1% | 5.3% | 5.4% | 5.9% | 5.5% | 5.5% | 5.6% | 5.8% | 5.6% | 0.0% | -0.1% |
| Swansea | 8.3% | 8.5% | 8.6% | 9.1% | 8.5% | 7.8% | 8.0% | 8.6% | 8.7% | 8.9% | 8.4% | 7.7% | -0.7% | -0.8% |
| Neath Port Talbot | 5.6% | 5.4% | 5.6% | 5.9% | 5.6% | 5.4% | 6.1% | 6.3% | 6.0% | 6.0% | 5.5% | 5.2% | -0.1% | -0.9% |
| Bridgend | 4.9% | 4.8% | 5.0% | 5.0% | 5.1% | 4.8% | 4.9% | 4.6% | 4.7% | 4.8% | 4.7% | 4.5% | -0.1% | -0.2% |
| Vale of Glamorgan | 3.2% | 3.2% | 3.3% | 3.2% | 3.3% | 3.5% | 3.5% | 3.5% | 3.2% | 3.1% | 3.2% | 3.4% | 0.2% | 0.0% |
| Rhondda Cynon Taf | 9.6% | 9.9% | 9.7% | 9.0% | 9.4% | 9.4% | 9.6% | 9.7% | 9.8% | 9.4% | 9.5% | 9.5% | -0.4% | -0.2% |
| Merthyr Tydfil | 2.3% | 2.2% | 2.3% | 2.2% | 2.1% | 2.1% | 2.3% | 2.3% | 2.2% | 2.1% | 1.9% | 2.1% | -0.2% | -0.2% |
| Caerphilly | 7.3% | 7.0% | 6.9% | 6.4% | 6.4% | 6.2% | 8.2% | 7.7% | 7.7% | 7.0% | 6.8% | 6.5% | -0.9% | -1.4% |
| Blaenau Gwent | 3.2% | 2.7% | 2.8% | 2.7% | 2.7% | 2.9% | 2.9% | 2.5% | 2.5% | 2.3% | 2.4% | 2.5% | 0.0% | -0.1% |
| Torfaen | 3.2% | 3.0% | 3.5% | 3.9% | 3.9% | 4.0% | 3.2% | 3.4% | 3.7% | 4.1% | 4.3% | 4.3% | 0.7% | 0.8% |
| Monmouthshire | 1.6% | 1.5% | 1.6% | 1.5% | 1.7% | 1.8% | 1.5% | 1.5% | 1.6% | 1.5% | 1.6% | 1.7% | 0.3% | 0.2% |
| Newport | 5.6% | 5.7% | 5.6% | 6.1% | 5.5% | 5.6% | 5.6% | 5.6% | 5.6% | 5.7% | 5.6% | 5.8% | 0.0% | 0.2% |
| Cardiff | 13.8% | 14.0% | 13.5% | 13.4% | 13.8% | 14.1% | 12.7% | 13.2% | 12.7% | 13.2% | 13.8% | 14.7% | 0.4% | 1.8% |

¹ 2021 data are still provisional.

Distribution Sub-Group (2020) Paper 15 – Impact of 2020 PLASC pupil numbers on the settlement

Table 3 - Exemplification to show the impact of updating eFSM pupil numbers only on the 2021-22 AEF^{1, 2}

| UC live | LA | 2021-22 Settlement (a) | 2019, 2020, 2021 (b) | 2017, 2018, 2021 (c) | 2016, 2017, 2018, 2021 (d) | (b) - (a) | (c) - (a) | (d) - (a) |
|--------------|-----------------------|---------------------------|-------------------------|-------------------------|-------------------------------|-----------|-----------|-----------|
| Dec-18 | Isle of Anglesey | 104,825 | 104,691 | 104,800 | 104,821 | -135 | -25 | -4 |
| Dec-18 | Gwynedd | 194,793 | 194,611 | 194,882 | 194,876 | -182 | 88 | 83 |
| Jun-18 | Conwy | 166,906 | 166,750 | 166,914 | 166,898 | -156 | 8 | -8 |
| Apr-18 | Denbighshire | 158,632 | 159,134 | 158,881 | 158,838 | 503 | 249 | 206 |
| Apr-17 | Flintshire | 206,778 | 207,906 | 207,160 | 207,089 | 1,128 | 382 | 311 |
| Oct-17 | Wrexham | 188,856 | 189,361 | 189,142 | 189,007 | 505 | 286 | 151 |
| Oct-18 | Powys | 191,897 | 192,153 | 192,180 | 192,071 | 256 | 283 | 174 |
| Dec-18 | Ceredigion | 109,658 | 109,677 | 109,625 | 109,631 | 19 | -33 | -27 |
| Sep-18 | Pembrokeshire | 179,387 | 178,491 | 178,858 | 178,933 | -896 | -529 | -454 |
| Dec-18 | Carmarthenshire | 284,820 | 284,730 | 284,732 | 284,810 | -91 | -88 | -11 |
| Dec-17 | Swansea | 352,642 | 352,395 | 352,213 | 352,194 | -246 | -429 | -448 |
| Oct-17 | Neath Port Talbot | 236,680 | 236,269 | 236,288 | 236,402 | -411 | -392 | -278 |
| Jun-18 | Bridgend | 212,192 | 212,192 | 212,070 | 212,115 | 1 | -121 | -77 |
| Oct-18 | The Vale of Glamorgan | 168,316 | 168,262 | 168,406 | 168,382 | -55 | 90 | 66 |
| Nov-18 | Rhondda Cynon Taf | 404,375 | 403,668 | 404,214 | 404,194 | -707 | -161 | -181 |
| Jun-18 | Merthyr Tydfil | 101,476 | 101,124 | 101,323 | 101,371 | -352 | -153 | -105 |
| Sep-18 | Caerphilly | 292,367 | 290,619 | 291,344 | 291,713 | -1,749 | -1,023 | -655 |
| Jul-18 | Blaenau Gwent | 120,361 | 120,005 | 120,119 | 120,318 | -356 | -242 | -43 |
| Jul-17 | Torfaen | 146,340 | 147,750 | 147,005 | 146,804 | 1,410 | 664 | 464 |
| Jun-18 | Monmouthshire | 101,483 | 101,708 | 101,645 | 101,614 | 225 | 162 | 131 |
| Nov-17 | Newport | 240,796 | 240,993 | 240,866 | 240,848 | 196 | 69 | 52 |
| Feb-18 | Cardiff | 487,913 | 489,006 | 488,829 | 488,565 | 1,093 | 916 | 652 |
| Wales | | 4,651,494 | 4,651,494 | 4,651,494 | 4,651,494 | | | |

¹ Note that the 6 missing schools have been proxies at their 2020 values.

² The data for 2021 is still provisional