

Distribution Sub-Group (2022) Paper 07 – Latest RA Data for the 2023-24 Settlement

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.

Latest RA data for the 2023-24 Settlement

Summary

1. This paper looks at the impact on the 2023-24 Settlement of the change in Revenue Account (RA) data between 2021-22 and 2022-23.
2. This paper looks at the financial implications of updating the RA data in the Standard Spending Assessment (SSA) build. Please note that these figures are being run against the 2022-23 Final Total SSA Settlement distribution for the purposes of exemplification. **The data is currently provisional and subject to review.**

Views sought

3. For DSG to specify whether the 2022-23 RA provides a representative picture of the general sectors at a Wales level, and if so to note the impact on the distribution of the Settlement of using the latest RA data in the Settlement model.

Related papers

Distribution Sub-Group (2021) Paper 20 – Latest RA Data for the 2022-23 Settlement

Distribution Sub-Group (2020) Paper 22 – Latest RA Data for the 2021-22 Settlement

Distribution Sub-Group (2019) Paper 14 – Latest RA Data for the 2020-21 Settlement

Distribution Sub-Group (2018) Paper 20 – Latest RA Data for the 2019-20 Settlement

Distribution Sub Group (2017) Paper 09 – Updating the RA Data for the 2018-19 Settlement

Background

4. The calculation of SSA sector totals uses the most up-to-date information at a total Wales level on the pattern of budgeted Unitary Authority expenditure (sourced from RA returns). For the 2022-23 Settlement, the 2021-22 RA forms were used. This paper updates the RA expenditure from 2021-22 to 2022-23 for the 2023-24 Settlement.
5. The calculation of SSA service totals within each sector uses information at a total Wales level on the pattern of actual Unitary Authority expenditure (sourced from RO forms). For the 2023-24 Settlement, it is the intention that the latest expenditure data taken from the 2021-22 RO forms are to be used. This will be the subject of a further paper.

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6. This paper provides exemplifications of the isolated changes of the RA forms, run against the 2022-23 Settlement.

Changes in the RA data

7. Since the RA expenditure data was last used in the SSA build, there have been a few changes to the RA form mainly reflecting new lines to capture budgeted COVID-19 expenditure. These have not been incorporated into the lines used within the settlement. As there were no other major changes between 2021-22 and 2022-23, we have not provided the detailed list, but these are available upon request.
8. Table A in the annex shows the budgeted RA expenditure data for 2021-22 and 2022-23 split into the 6 sectors used in the SSA calculations (Schools services; Other Education; PSS; Transport; Fire and Other Services). Compared to the previous year the sector with largest monetary increase was the *PSS* sector up £198.5m, but the *Other Services* sector had the largest percentage increase up 15.7%. The *Fire* sector had the lowest percentage increase of the sectors up 3.3%.
9. Table B shows the relative shares of each sector. This shows that the *Other services* sector had the largest increase up 1.1% percentage points and schools service had the largest decrease, down 1.4 percentage points.

Redistribution implications

10. Table C in the annex shows the changes in the 2022-23 Aggregate External Finance (AEF) when updating the RA data. In updating the RA data through the model, we also disregard any prioritisation that was previously in place as this should now flow through the financial data. This is to show the isolated effect the latest RA data has using the 2022-23 Settlement allocations.
11. Gwynedd and Powys have the largest monetary increases in AEF of £492k and £452k respectively. The largest monetary decreases in AEF are for Rhonda Cynon Taf (down £530k) and Caerphilly (down £364k).

Conclusion

12. DSG are asked to consider the data, and whether this provisional data provides a representative picture across the sectors, ahead of the 2023-24 settlement.
13. If so, it is the intention to use the latest (2022-23) RA data - in line with Society of Welsh Treasurers (SWT) principles. Further analysis of future updates will take place during the 2022 to investigate the impact covid-19 has had on the data, and a further paper will be provided to look at the impact of updating to the latest RO data.

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Annex

Table A: RA data, by sector, all Wales: 2021-22 to 2022-23¹

Service Sector	2021-22	2022-23	Difference	
			£000s	%
Schools	2,559,408	2,699,085	139,676	5.5%
Non-Schools	38,734	40,905	2,172	5.6%
PSS	1,866,099	2,064,600	198,501	10.6%
Transport	194,739	208,647	13,908	7.1%
Fire	154,304	159,398	5,094	3.3%
Other	1,059,456	1,226,280	166,825	15.7%
CTRS	288,641	285,560	- 3,081	-1.1%
Debt financing	345,420	351,458	6,038	1.7%
Total	6,506,800	7,035,933	526,175	8.1%

Table B: Share of RA data, by sector, all Wales: 2021-22 to 2022-23²

Service Sector	2021-22	2022-23	Difference
			p.p
Schools	43.6%	42.2%	-1.4%
Non-Schools	0.7%	0.6%	0.0%
PSS	31.8%	32.3%	0.5%
Transport	3.3%	3.3%	-0.1%
Fire	2.6%	2.5%	-0.1%
Other	18.0%	19.2%	1.1%

¹ CTRS is fixed at a specific value and therefore is not included in the percentage shares.

² CTRS is fixed at a specific value and therefore is not included in the percentage shares.

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Table C: Provisional estimates for the isolated change in 2022-23 total SSA, when updating the RA data from 2021-22 to 2022-23

	2022-23 AEF	2022-23 RA	Difference	
			(£000s)	%
Isle of Anglesey	114,551	114,662	110	0.1%
Gwynedd	213,214	213,707	492	0.2%
Conwy	183,311	183,567	256	0.1%
Denbighshire	173,640	173,498	-142	-0.1%
Flintshire	232,179	232,060	-119	-0.1%
Wrexham	207,064	206,960	-104	-0.1%
Powys	210,261	210,713	452	0.2%
Ceredigion	119,421	119,627	206	0.2%
Pembrokeshire	196,257	196,456	198	0.1%
Carmarthenshire	311,603	311,588	-15	0.0%
Swansea	386,592	386,932	340	0.1%
Neath Port Talbot	258,073	257,888	-185	-0.1%
Bridgend	232,368	232,227	-141	-0.1%
The Vale Of Glamorgan	186,015	185,779	-236	-0.1%
Rhondda Cynon Taf	441,441	440,911	-530	-0.1%
Merthyr Tydfil	110,617	110,497	-120	-0.1%
Caerphilly	317,459	317,095	-364	-0.1%
Blaenau Gwent	130,797	130,839	42	0.0%
Torfaen	160,120	159,893	-227	-0.1%
Monmouthshire	112,278	112,457	180	0.2%
Newport	265,617	265,310	-307	-0.1%
Cardiff	544,726	544,936	211	0.0%
Total Unitary Authorities	5,107,603	5,107,603		