

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.

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

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.

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

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.

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

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 | | |