

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

Summary

1. This paper continues to monitor the distributional impact that the staggered roll out of universal credit has on the free school meals eligibility data.

Views sought

2. DSG are asked to discuss the treatment of the data source for the 2021-22 settlement and future settlements.

Related papers

3. 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

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 and free school meal eligibility 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.
5. The PLASC is the most accurate and robust source of pupil-level data 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 (eFSM) is used as a deprivation proxy for the additional 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.

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7. The eligibility criteria for FSMs in Wales, during the January 2020 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
 - Annualised net earned income threshold for Universal Credit claimants
 - Transitionally protected, which will mean that no child will lose their free school meals during the rollout of Universal Credit, and then until the end of their school phase
8. Until 31 March 2019, all Universal Credit claimants were eligible to claim free school meals. However, the Welsh Government introduced the net annualised earnings threshold of £7,400 for Universal Credit claimants wishing to claim free school meals for their children with effect from 1 April 2019.
9. At the same time, a programme of transitional protection was introduced for families. Transitional protection ensures that the changes to the free school meals eligibility criteria cause the minimum possible amount of disruption.
10. Pupils eFSM when the criteria changed on 1 April 2019, or any new claimants who gain free school meals during the rollout of Universal Credit (currently scheduled to complete in December 2023), will be protected against losing free school meals whilst Universal Credit is rolled out across Wales, until the end of their phase of education (i.e. Primary or Secondary), even if their eligibility changes.
11. From the 2020 PLASC, it is now possible to disentangle those eFSM and transitionally protected. This paper only looks at those pupils eligible for eFSM, as this is considered to be the more correct measure of 'live' deprivation.
12. Given the gradual rollout of universal credit, analysis has been completed to investigate whether this has disproportionately affected each authority's relative share for the eFSM indicator.
13. DSG (2017) Paper 08 highlighted that in the 2017 PLASC, overall eligibility for FSM decreased and universal credit was seen to have little impact on the then only fully rolled out authority - Flintshire.

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14. In the 2018 PLASC, overall eligibility for FSM decreased at a Wales level, but Flintshire and Torfaen (the first two LAs to be rolled out to universal credit) saw a greater increase compared to other authorities (DSG (2018) Paper 23). Due to the low number of authorities that were on universal credit, the analysis was deemed inconclusive.
15. Investigating the 2019 PLASC the group agreed there looked to be a relationship between the number of days an authority had been on universal credit and the change in eFSM pupil numbers. Within the settlement context, this would mean that the distribution of funding would favour those authorities that were on Universal credit for longer.
16. Due to this, DSG members agreed to freeze the eFSM data at a three year average to 2018 PLASC and to continue to review the impact of universal credit on the data.
17. This paper further examines the relationship between the number of days an authority has been on universal credit and the change in pupils eFSM.

Analysis

18. Table 1 shows the change in pupils eFSM since 2017.

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

Area	2017	2018	2019	2020	change 2020-2017	
					n	%
Isle of Anglesey	1,344	1,290	1,315	1,474	130	9.7%
Gwynedd	1,866	1,826	1,780	1,921	55	2.9%
Conwy	2,225	2,079	2,288	2,290	65	2.9%
Denbighshire	2,374	2,324	2,567	2,976	602	25.4%
Flintshire	2,782	3,039	3,460	3,980	1,198	43.1%
Wrexham	2,892	2,825	3,116	3,497	605	20.9%
Powys	1,697	1,664	1,680	2,035	338	19.9%
Ceredigion	924	951	954	1,236	312	33.8%
Pembrokeshire	2,535	2,292	2,391	2,477	58	-2.3%
Carmarthenshire	3,857	3,731	3,896	4,701	844	21.9%
Swansea	6,048	6,035	6,674	6,920	872	14.4%
Neath Port Talbot	4,062	3,978	4,371	4,512	450	11.1%
Bridgend	3,369	3,427	3,637	4,407	1,038	30.8%
Vale of Glamorgan	2,365	2,297	2,337	2,700	335	14.2%
Rhondda Cynon Taf	6,961	6,784	6,731	8,365	1,404	20.2%
Merthyr Tydfil	1,597	1,574	1,601	1,755	158	9.9%
Caerphilly	5,167	5,009	4,896	5,463	296	5.7%
Blaenau Gwent	1,852	1,859	1,859	2,117	265	14.3%
Torfaen	2,249	2,486	2,928	3,327	1,078	47.9%
Monmouthshire	1,058	1,090	1,134	1,374	316	29.9%
Newport	4,013	3,897	4,419	4,513	500	12.5%
Cardiff	9,743	9,192	9,879	11,451	1,708	17.5%
Wales	70,980	69,649	73,913	83,491	12,511	

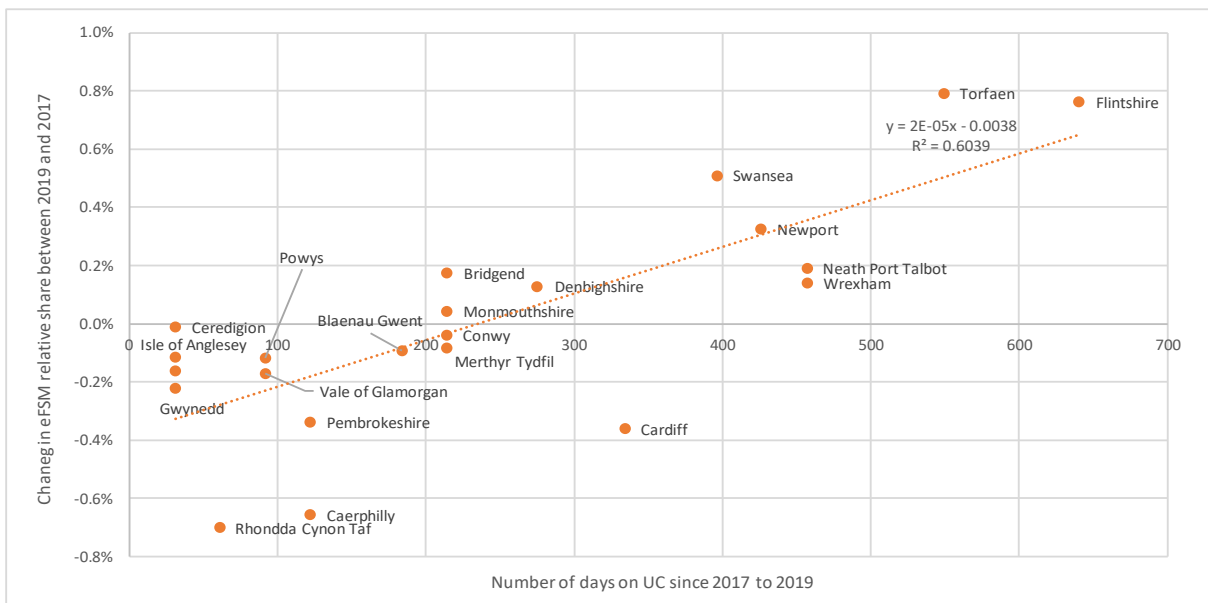
Source: Pupil Level Annual School Census (PLASC), Welsh Government

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

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19. If we compare the 2020 PLASC figures to the 2017 figures we see an increase in the overall eFSM numbers. The largest percentage increase was in Torfaen, up 47.9% since 2017, followed by Flintshire up 43.1%. Pembrokeshire saw the only decrease (down 2.3%) since 2017.
20. Given the range in these changes, it's important to consider whether there is a relationship between the eFSM PLASC data and the estimated number of days since the local authority rollout of [UC full service in Wales](#). This analysis assumes that the universal credit and the PLASC date takes place on the first day of the month.
21. Chart 1 reminds the group of the relationship between the number of days since Universal credit full service and the change between the relative share of the 2019 eFSM data and the 2017 eFSM data.
22. The 2017 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.
23. Chart 1 shows the relationship to with an R^2 of 60.3%, it suggests some good correlation between these two factors. Therefore the eFSM data was frozen for the 2020-21 settlement with the view to monitor the relationship going forward

Chart 1: The relationship between the number of days since an authority has had access to UC full service and the relative change in eFSM (2019 vs 2017).

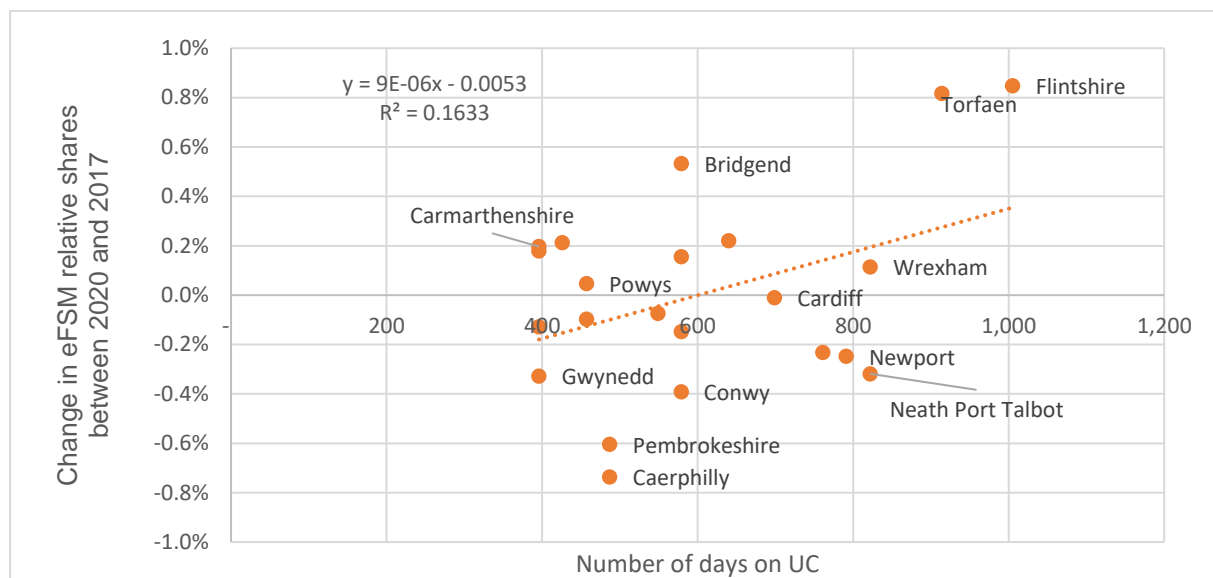


24. Chart 2 investigates the change in the latest eFSM data only (not including those transitionally protected) for 2020 compared to the 2017.
25. As shown in chart 2 the relationship between both variables has decreased, with $R^2 = 16.3%$. Although the chart suggests there is still a relationship between the two

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variables, it has decreased compared to the previous year. It is also worth noting that both Flintshire and Torfaen still appear to gain more relative to the other authorities.

Chart 2: The relationship between the number of days since an authority has had access to UC full service and the relative change in eFSM (2020 vs 2017).



26. Previously the eFSM data set used in the settlement was based on a three year average due to the year on year volatility observed.

27. Prior to considering the financial implications of updating the data DSG are asked to consider options in the treatment of the eFSM data for the 2021-22 settlement:

- Continue to freeze the data at the 3 year average up to 2018 PLASC, and investigate other data sources as proxy for deprivation.
- A use an average of 2017, 2018 and 2020
- Or consider solely using the 2020 eFSM PLASC data.

Conclusion

28. This analysis suggests there is still somewhat of a relationship between the number of days an authority has been on universal credit and the relative change in eFSM pupil numbers, but this relationship has decreased in 2020. This means the distribution of funding would not favour those authorities as much as the previous year.

29. DSG members are asked to consider and discuss the analysis included in this paper and provide their opinions on the suggested options for the eFSM data for the 2021-22 settlement.

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