

**2017-18 Local Government Revenue Settlement
Distribution Sub Group
Terms of Reference**

Overview

The key aspects of the Local Government Settlement are set out below.

- Purpose**
- To maintain and develop a fair and accurate formula for distributing the Local Government Revenue Settlement.
- Overarching Principles**
- The working group and future work programme of DSG should be guided by the following overarching principles:
 - Equity
 - Stability
 - Clarity
 - Relevance.

Objectives

The key objectives of the Distribution Sub Group are as follows.

- To agree the work programme on the Standard Spending Assessment (SSA) formula.
- To pursue the agreed work programme.
- To continue key updates to the Settlement formula and data and work of subgroups but incorporate the context of the future landscape.
- To ensure all data used in the Settlement is objective, robust, current, validated from reliable, stable and representative data sources.
- To ensure data collected centrally is continuously reviewed as part of a longer term work programme and where appropriate arrange for additional data to be collected.
- To consider any SSA distributional issues arising from significant transfers, new responsibilities and all significant changes affecting the Settlement for 2017-18.
- To consider the distributional issues of specific grant schemes as appropriate on a timely basis and in line with the Welsh Government grants guidance.
- To consider issues of stability and multi-year settlements.
- To produce an agreed DSG report in September 2016.

Scope and requirements

The key areas of work for the Distribution Sub Group for the 2017-18 Settlement are defined in the 2017-18 Work Programme.

Beyond the 2017-18 Settlement

The programme of work being taken forward out under the Reforming Local Government agenda will have implications for DSG's work programme.

DSG will need to identify and consider these implications, in particular how some current areas of work – such as the sparsity review, waste services and the unit cost approach to the education formula – need to align with the Reform Programme.

Distribution Sub-Group (2016) Paper 01 – Terms of Reference 2017-18

Key milestones

The key phases for the 2017-18 Settlement are as follows.

Milestone	Deadline (DSG Meeting)
Final consideration for any new formula reviews and specific grant transfers into and out of the RSG.	July
Draft DSG Report circulated for comment and discussions.	July
Final Agreement of the RO and RA data to be used in the 2017-18 Settlement.	September
Final DSG Report.	September

Deliverables

The DSG will produce the following products in relation to the 2017-18 Settlement process:

During the year:

- DSG papers, agendas and minutes
- DSG Report (one publication only)

Roles and responsibilities

Details of DSG and subgroup memberships and objectives are given in Annex A.

Organisation	Responsibilities include:
Welsh Government	<ul style="list-style-type: none"> • Overseeing the development of a viable Business Case and Plan, ensuring that the Settlement aligns with corporate strategies. • Signing off the definition of quality / standards for the Settlement and ensuring accountability. • Provision of adequate resources (including staff and resources) to deliver the project. • Preparing the Business Case and Plan for the Settlement. • Conducting impact analyses of any new or revised issues or risks that affect the desirability, viability or achievability of the Settlement. • Managing the overall programme of work, including progress against Plan, achievability and risk management. • Ensuring quality assurance is appropriately applied for all products. • Ensuring appropriate leadership for Settlement Working Groups. • Data Validation, Formula development, Settlement models and programming. • Police Settlement. • Data Collection, Formula development & Settlement models & programming.
WLGA Lead	<ul style="list-style-type: none"> • Specifying the benefits for proposed changes/ developments. • Ensuring any expected benefits are realised. • Gaining buy-in from user groups for decisions taken. • Assisting the implementation of the communications strategy. • Agreeing Local Authority Membership to the DSG.

Distribution Sub-Group (2016) Paper 01 – Terms of Reference 2017-18

Organisation	Responsibilities include:
WLGA Representatives	<ul style="list-style-type: none"> • Providing advice on the Revenue Funding. • Providing advice to the Partnership Council on proposals including annual scope and requirements, technical standards, strengths/ weaknesses and viability of implementation. • Providing comments & sign-off in relation to robustness of approach and analysis completed for each proposal/ paper; • Providing agreement on the DSG report that states all decisions that have been taken by the members throughout the year and are based on their technical merits and are taken through open, un-biased discussions. • Provide advice on the impact of proposed changes to local government and on barriers for effective implementation and awareness of potential risks involved. • Work collaboratively with Welsh Government to ensure work streams progress as set out in the work programme. This includes providing papers where appropriate and assisting in the running of work streams.
Independent Members	<ul style="list-style-type: none"> • Providing advice to the project manager and DSG on proposals including annual scope and requirements, technical standards, strengths/ weaknesses and viability of implementation. • Providing comments & sign-off in relation to robustness of approach and analysis completed for each DSG proposal/ paper; • Providing sign-off for the DSG report that all decisions that have been taken are based on their technical merits and are taken through open, un-biased discussions.

Success criteria and quality expectations

A successful outcome of the 2017-18 Settlement is defined as follows.

*“The delivery of an equitable and appropriate funding distribution to local authorities in Wales to the specified delivery dates, reflective of **“need”** across all Local Authorities in Wales. To be achieved through a partnership relationship with Local Government across Wales and input from unbiased independent members, with sign-off from Welsh Ministers.”*

Distribution Sub-Group (2016) Paper 01 – Terms of Reference 2017-18

The following quality standards will be applied.

Aspect	Quality Standard	Priority
Calculations	The use of robust analytical calculations with appropriate quality assurance mechanisms and documentation/ logs completed to ensure quality.	1
Final Decisions	Final decisions will be taken by the Minister for Public Services, supported by robust, unbiased and clear <u>evidence</u> and advice from agreed experts in consultation with local government in Wales.	2
Technical Advice / Decisions	All technical advice / decisions from working groups or experts / individuals will be requested / provided in written format containing robust details of appropriate options and also all appropriate and accurate supporting documentation. All decisions / agreements will be provided in written format.	2
Systems	Appropriate project management systems will be implemented and actively monitored and updated in relation to all Settlement processes to ensure delivery and minimise risk.	3
Papers	Papers will provide accurate information in a clear, concise, easy-to-read structure, written in plain English wherever possible. All papers will be published on the LGF web pages with discussion and decision notes for added transparency.	4
Outputs	All key outputs contain accurate and robust information, with clear supporting text (eg. source documentation and footnotes).	5

Quality method

Quality acceptance will be confirmed by the inclusion of quality criteria and sign-off in all documentation (including quality assurance checks that have been made and by which individual) by the author, quality assurer and Welsh Government head of branch.

All technical working group papers will be published on the LGFP web pages with accompanying minutes documenting the key points of the discussion and any decisions reached or action required.

All Ministerial advice and briefing will be cleared by the LGFP Head of Division.

**Local Government Finance Policy
Welsh Government**

Annex A

DSG MEMBERSHIP 2016

Welsh Government – Local Government Finance Policy Division

Debra Carter
Judith Cole
Robert Hay – Chair
Simon Edwards
Kim Swain
Joanna Leek
Matthew Curds

Independent Members

Prof Hugh Coombs
Dr Rhys Andrews
Chris Barton

Welsh Local Government Association representatives

Jon Rae	Welsh Local Government Association
Dilwyn Williams	Gwynedd Council
Richard Weigh	Denbighshire County Council
David McAuliffe	Blaenau Gwent County Borough Council
Ian Allwood	Cardiff Council
Hywel Jenkins	Neath Port Talbot County Borough Council
Christopher Lee	Rhondda Cynon Taf County Borough Council
David Powell	Powys County Council
Joy Robson	Monmouthshire County Council
Andrew Stephens	Local Government Data Unit, Wales

Waste Funding Group (provisional)

Aim of the Group

To review the formulae for Waste Services within the Local Government Settlement in light of the increased complexity of the service.

Membership

David Powell	Powys County Council
Steve Parker	Denbighshire County Council
Sarah Barton	Wrexham County Borough Council
Jane Cherrington	Cardiff Council
Andrew Wilkinson	Conwy County Borough Council
Iwan Pierce	Welsh Local Government Association
Aoife O’Sullivan	Natural Resources Wales
Joanna Leek	Welsh Government

PSS Sparsity Working Group (provisional)

Aim of the Group

To look at the possibility of updating the sparsity element in the Personal Social Services (PSS) formulae within the Local Government Settlement.

Membership

Dilwyn Williams	Gwynedd Council
Jon Rae	Welsh Local Government Association
Hywel Jenkins	Neath Port Talbot County Borough Council
Simon Edwards	Welsh Government
Rachel Andrews	Welsh Government

Education Distribution Formula Group (provisional)

Aim of the Group

To look at the way the distribution formula is constructed, in order to try and establish a formula which is more predictable and stable and which reflects the drivers of the need to spend on the basis of a bottom up analysis.

Membership

Dilwyn Williams	Gwynedd Council
Jon Rae	Welsh Local Government Association
Christopher Lee	Rhondda Cynon Taf County Borough Council
Joy Robson	Monmouthshire County Council
Hywel Jenkins	Neath Port Talbot County Borough Council
Rob Hay	Welsh Government