

Distribution Sub-Group (2016) Minutes – 22 March 2016

DISTRIBUTION SUB GROUP (DSG)

Minutes of meeting held on 22 March 2016 at Welsh Government, Cardiff

Welsh Government (WG)

Rob Hay (Chair)	Joanna Leek
Simon Edwards	Judith Cole
Kim Swain	Stephen McMillan
Matthew Curds	Tania Nicolson
Colin Hedges	

Welsh Local Government Association (WLGA)

Dilwyn Williams (Gwynedd)	Jon Rae (WLGA)
Chris Barton (Independent)	Rhys Andrews (Independent)
David McAuliffe (Blaenau Gwent)	Joy Robson (Monmouthshire)
Chris Lee (RCT)	David Powell (Powys)
Richard Weigh (Denbighshire)	

Apologies

Hywel Jenkins (Neath Port Talbot)	Debra Carter (WG)
Ian Allwood (Cardiff)	Andrew Stephens (Data Unit Wales)

Welcome and Introductions

1. The Chair recorded apologies.
2. The Chair reminded the group that the new Welsh Language Standards are coming into force on 30 March. Members were asked to record their language preferences in reply to an email sent previously from Welsh Government Officials if not already done so.

Minutes and matters arising from the previous meeting

3. Paragraph 7: Welsh Government Officials have held discussions with KAS colleagues surrounding the validation procedures for the PLASC data. KAS colleagues will build in extra data validation processes for the next data collection process. This is further to the data validation checks that will be performed by the Local Government Finance Policy Division.
4. Paragraph 15: The PSS Sparsity Working Group has been removed from the 2017-18 Terms of Reference.
5. Paragraph 18: Welsh Government Officials have amended the Work Programme for 2017-18 following discussions at the January meeting and the discussion at the Finance Sub Group.
6. Paragraph 26: A paper has been tabled at this meeting outlining the robustness of the new Cartographics data for use in the PSS formula update.

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7. Paragraph 36: Jon Rae suggested that Welfare Reform needs to be considered at the earliest opportunity and there would be an opportunity to discuss potential implications with the WLGA Reform Officer when she is back in the office in April.
8. **Action: Welsh Government Officials to liaise with the WLGA Welfare Reform Officer prior to bringing a further paper to the group at a later meeting.**
9. Paragraph 42: Welsh Government Officials to hold further discussions with education policy colleagues prior to the next meeting.
10. **Action: Welsh Government Officials to liaise with education policy colleagues regarding the future of Foundation Phase element of the Education Improvement Grant.**
11. Paragraph 46: Following changes to the legislation to allow Authorities to introduce second/empty homes council tax premiums, Welsh Government Officials to report back to the group in the May meeting any implications for the distribution of the Settlement.
12. **Action: Welsh Government Officials to investigate and feed back to the group in the May meeting.**

DSG (2016) Paper 06 – PSS Sparsity

13. Welsh Government Officials presented a paper outlining further analysis and validation conducted in relation to the indirect costs of sparsity within the PSS formula.
14. Welsh Government Officials thanked Emyr Edwards for conducting the initial analysis and Dilwyn Williams for overseeing the work.
15. Discussions were held amongst the group regarding the updated Cartographics average speed data. Welsh Government Officials outlined how the data was collected and how the data is used to measure dead time following queries from members.
16. Welsh Government Officials outlined that the statistical tests used to compare the Cartographics data and the data collected by Local Authorities proved that the datasets were different. However, this did not give any indication to which dataset was better, only that the datasets are different.
17. Therefore, Welsh Government Officials suggested to the group that it was more effective to consider the advantages and disadvantages of the sources of the two datasets. It was highlighted to the group that the Cartographics data is used in high profile projects such as the Welsh Index of Multiple Deprivation (WIMD).
18. Welsh Government Officials informed the group that the main driver of PSS expenditure was the direct costs from the data collection on 2008, not the average speed. Consequently, the update to Cartographics average speed data had a marginal impact on the SSA exemplifications compared to the paper brought to the group in July 2015.

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19. The analysis uses direct costs and expenditure data from 2007-08 due to consistency purposes. The group unanimously agreed that this approach should be taken when implementing the changes to the PSS formula within the Settlement.
20. Jon Rae thanked Welsh Government Officials for validating the analysis and conducting further analysis with the updated Cartographics data.
21. The group noted that, due to the large shifts in funding, it will be necessary to provide historical context to this proposed change when setting out the group's recommendation in the DSG report.
22. **Decision: The DSG will recommend an update to the PSS formulae weightings, as set out in DSG (2016) Paper 6, through the 2016 DSG report.**

Oral Item – Education Distribution Formula Group

23. Welsh Government Officials outlined to the group the discussions held in a meeting of the Education Distribution Formula Sub Group the previous week.
24. Dilwyn Williams outlined to the group the work that has been initiated by the Education Distribution Formula Sub Group in relation to the drivers of spend for education and the components that would potentially frame the education sector.
25. Welsh Government Officials reported that education policy colleagues were happy to contribute to this work and that further detailed discussions were to be held.
26. Discussions were held amongst the group on how to resource this area of work and how investigating the first three components may be beneficial due to the high proportion of education spending attributed to them.
27. **Action: Rob Hay to circulate a note of the Education Distribution Formula Sub Group meeting to its members.**
28. **Action: Welsh Government Officials to hold discussions with education policy colleagues prior to the next meeting.**

Oral Item – Waste Funding Group

29. Welsh Government Officials outlined to group the discussions held in a meeting of the Waste Funding Sub Group the previous week.
30. Welsh Government Officials reported their initial discussions with Welsh Government policy colleagues and the group felt that further discussions would be beneficial in continuing this work.
31. It was agreed that once these further discussions were held then the group would be able to agree a way forward.

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32. **Action: Rob Hay to circulate a note of the Waste Funding Sub Group meeting to its members.**
33. **Action: Welsh Government Officials to hold further discussions with policy colleagues prior to the next meeting.**

DSG (2016) Paper 07 – Transfer in of the Delivering Transformation Grant

34. Welsh Government Officials presented a paper outlining the distribution of the potential transfer in of the Delivering Transformation Grant.
35. Welsh Government Officials outlined that the grant is currently distributed on a regional basis as a specific grant outside of the Settlement. However, following discussions, the Minister for Health and Social Services has indicated a preference to move the grant into the Settlement for 2017-18.
36. The group discussed that the grant is currently distributed using the PSS Sector IBA to regions and therefore using this to distribute to Local Authorities when in the Settlement would not have any impact on the distribution.
37. **Decision: DSG members agreed to base the distribution of the transfer in of the Delivering Transformation Grant on the PSS Sector IBA total.**

DSG (2016) Paper 08 – Transfer in of Additional Learning Needs

38. Welsh Government Policy Officials presented a paper outlining the background of current funding and responsibilities of Additional Learning Needs.
39. The draft Additional Learning Needs and Education Tribunal (Wales) Bill will be presented to the new Assembly once a new Government has been formed. The draft Bill contains proposals to transfer responsibility in this area to Local Government from Welsh Government. The potential timings of the Bill's passage would mean the earliest opportunity for this to commence would be September 2018.
40. Although this was still at an early stage, the group were asked to consider possible distributional issues. The group were concerned that currently this is a demand led grant and therefore there could be volatility to the amount of funding provided to each Authority and the number of cases for each Local Authority.
41. Welsh Government policy colleagues suggested that there were around 100 cases per year and therefore 300 cases in total in a 3 year cycle. There were concerns amongst members due to the high cost and low numbers involved in this area.
42. Consequently, the group requested the data on caseload from previous years to analyse the potential trends or patterns to inform the distributional methodology.
43. **Action: Welsh Government Policy colleagues to share previous year's data with Local Government Finance colleagues.**

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Oral Item – Transfer in of Social Care for Prisoners

44. Welsh Government Officials raised the issue of a potential transfer of funding into the Settlement in relation to the social care of prisoners.
45. The transfer raises particular challenges as the amount of funding is low and only available to four or five Local Authorities.
46. Following discussions the group suggested that Welsh Government Officials bring a paper to the next meeting outlining potential scenarios to inform further discussions.
47. **Action: Welsh Government Officials to bring a paper to the May meeting to illustrate exemplifications and distribution proposals.**

Any Other Business

48. None.

Dates and venues of next meetings

49. The dates for forthcoming meetings in 2016 are as follows:
 - Thursday 19 May 2016 – Welsh Government, Cardiff
 - Wednesday 20 July 2016 – Welsh Government, Cardiff
 - Tuesday 13 September 2016 – Welsh Government, Cardiff
 - Wednesday 16 November 2016 – Welsh Government, Cardiff

Welsh Government