

DISTRIBUTION SUB GROUP (DSG)

Minutes of meeting held on 19 July 2017 at WLGA, Local Government House, Drake Walk, Cardiff, CF10 4LG

Welsh Government (WG)

Rob Hay (Chair)
Simon Edwards
Kim Swain

Debra Carter
Clare Blake

Welsh Local Government Association (WLGA)

Jon Rae (WLGA)
Andrew Stephens (Data Unit Wales)
Joy Robson (Monmouthshire)
David McAuliffe (Blaenau Gwent)

Christopher Lee (RCT)
David Powell (Powys)
Richard Weigh (Denbighshire)
Suzanne Draper (Data Unit Wales – for item 7 only)

Independent Members

Chris Barton
Hugh Coombs

Apologies

Shelley Heath (WG)
Dilwyn Williams (Gwynedd)
Ian Allwood (Cardiff)

Hywel Jenkins (Neath Port Talbot)
Rhys Andrews (Independent)

Welcome and Introductions

1. The Chair recorded apologies and thanked the WLGA for hosting the meeting.

Minutes and matters arising from the previous meeting

2. There were no comments of accuracy on the minutes from the previous meeting.
3. Paragraph 3 and 5: The term “actuals” as used in paper DSG (2017)03 in relation to the transfer of the Independent Living Fund (ILF) into the RSG means the same basis of approach to allocations as provided under the current grant scheme. Officials will provide a further paper on the transfer to the next meeting of the Group informed by a data collection exercise which is currently taking place.
4. **Action: Welsh Government officials to bring a paper back to the next meeting on the distribution of the ILF through the settlement for 2019-20 and future years.**
5. Paragraph 7: Jon Rae provided a form of words for the March minutes, which was agreed by Welsh Government and the minutes were subsequently re-circulated.
6. Paragraph 9: The Chair informed the group that the UK Government's did not issue a Supported Housing Green Paper in June due to the UK General Election taking place. Further details are expected from UK Government with regards to scope of the transfer.

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7. **Action: Paragraph 14 – outstanding action: Ian Allwood to identify capital accountants who can work with Welsh Government officials to better understand the pool rate model and to scrutinise the methodology.**
8. Paragraph 17: Local Government Finance Policy colleagues fed back to social care colleagues DSG's recommendation to transfer the social care for prisoners grant into the settlement on the overall personal social services sector block.
9. Paragraph 22: A paper has been tabled under item 4 to discuss the transfer of the waste element of the Single Revenue Grant.
10. Paragraph 30: Ways of bringing the expenditure data used in the model more up-to-date will form part of the discussions under item 7.
11. Paragraph 32: a paper has been tabled under item 7 looking at simplification of the settlement formula.
12. Paragraph 33: a paper has been tabled under item 7 looking at updating the census data used in the settlement formula.
13. Paragraph 36: A progress report of the DSG was prepared by Welsh Government officials, signed off by the DSG and presented to the Finance Sub Group at the meeting on 12 July.

Oral Update – Feedback from Finance Sub Group (FSG) Meeting

14. Debra Carter provided feedback from the FSG meeting that took place on 12 July. This included an action for WLGA and WG officials to consider how FSG members and the wider local government leadership could be better informed and engaged on the work of the Distribution Sub Group.
15. **Action: Welsh Government officials and WLGA officers to liaise and produce a paper to bring to the next DSG meeting, prior to taking to FSG.**

DSG (2017) Paper 10 – Transfer of the waste element of the Single Revenue Grant (SRG)

16. Welsh Government Officials presented a paper on the latest position with regards to the proposed transfer of funding from the waste element of the SRG to the Revenue Support Grant (RSG) for 2018-19. The amount being considered for transfer is £35million.
17. The paper recommended that any transfer into the RSG for 2018-19 should be as a separate Indicator Based Assessment (IBA) for 2 years, distributed on the sum of the Waste Collection and Waste Disposal IBAs. The funding should then be subsumed into the relevant IBAs once the corresponding Revenue Outturn (RO) data becomes available in the third year of the transfer.
18. **Decision: The DSG agreed to recommend that any transfer of the Waste element of the SRG into the RSG for 2018-19 is based on the current grant distribution [the sum of the waste collection and waste disposal IBAs] as a separate IBA initially, until the underlying financial data catches up in year 3, when the funding should be subsumed into the appropriate IBAs.**

DSG (2017) Paper 11 – Social Care Workforce Grant (SCWG)

19. Welsh Government Officials presented a paper on the potential transfer into the settlement of the £19m Social Care Workforce Grant for 2018-19. It is proposed that any transfer into the RSG would be identified as a separate IBA for 2 years, distributed on the total of the Personal Social Services (PSS) sector IBAs [the current distribution of the grant]. The funding would then be subsumed into the relevant PSS IBAs once the corresponding RO data becomes available in the third year of the transfer.
20. There was a discussion on whether to distribute on the total PSS sector or the *older adults' residential and domiciliary care* IBA or some weighted combination of the three main PSS IBAs. The group was informed there is currently a data collection exercise being undertaken as part of the monitoring arrangements for the grant. Depending on the availability and quality of the data this may be able to inform the decision on the formula to be employed. An update will be provided to the next meeting.
21. **Action: Welsh Government officials to bring to update the group at the next meeting.**

Oral Update – Outstanding issues for consideration in respect of 2018-19 Settlement

Capital Limit for Residential Care

22. Welsh Government officials provided an update with regards to capital limit for residential care including the current data collection exercise. The first quarter data for 2017-18 have been returned, however the second quarter is not due back until October which may be too late for the Provisional Settlement. WG officials to continue to liaise with policy colleagues.

Pupil Level Annual School Census (PLASC)

23. A couple of errors were identified in the PLASC paper by the group. This included a reference to Powys' pupil numbers in paragraph 10 and the paper number in the header.
24. A more general point was raised with regards to the impact of working tax credit and universal credit changes on the reporting of Free School Meal (FSM) eligibility data. Welsh Government officials to follow this up with Welfare Reform colleagues.
25. **Action: Welsh Government Officials to correct the PLASC paper.**
26. **Action: Welsh Government officials to speak to policy colleagues on the impact of universal credit and working tax credit on the FSM eligibility data.**

Oral Update – Presentation/discussion on longer term formula

27. Jon Rae gave a presentation summarising the construction of the local government settlement funding formula and the perception of the settlement formula from a Local Authority perspective. This included some of the perceived limitations of the existing formula as well as an open discussion between the 'need to spend' and 'discretionary decision spending' at the local level. In addition, using education sector was an example, the presentation explored the need to spend within the education sector.
28. The discussion reflected on the need to prepare a paper on the work of DSG and future work programme for discussion at the next meeting of DSG ahead of presenting to the Finance Sub Group on 28 September.
29. Suzanne Draper (Data Unit Wales) gave a presentation on the financial benchmarking data for schools exercise. She provided analysis of data provided by five local authorities to benchmark schools financial information against one another in South East Wales and informed the group of the further work to follow. This data is currently restricted.
30. The DSG queried when this data might be made more widely available to the group and noted that they would be content to anonymise the data. As this would allow consideration of how it could be used to construct a formula as opposed to direct resource allocation.
31. **Action: Data Unit Wales to follow up with the Associate Directors of Education Wales (ADEW) Finance with a view to agreeing release of the data to the DSG.**

Any Other Business

32. There were no items of other business.

Dates and venues of next meetings

33. The date for 2017 and 2018 are as follows:

- 14 September 2017, Welsh Government, Cardiff
- 15 November 2017, Welsh Government, Cardiff
- 18 January 2018, Welsh Government, Cardiff
- 14 March 2018, Welsh Government, Cardiff
- 16 May 2018, Welsh Government, Cardiff
- 18 July 2018, Welsh Government, Cardiff

**Local Government Finance Policy
Welsh Government**