

DISTRIBUTION SUB GROUP (DSG)

Minutes of meeting held on 14 September 2017 at Cathays Park, Cardiff

Welsh Government (WG)

Rob Hay (Chair)
Simon Edwards
Kim Swain

Shelley Heath
Ceri Heywood

Welsh Local Government Association (WLGA)

Jon Rae (WLGA)
Dilwyn Williams (Gwynedd)
Joy Robson (Monmouthshire)
Hywel Jenkins (Neath Port Talbot)

Christopher Lee (RCT)

Independent Members

Chris Barton

Rhys Andrews

Apologies

Andrew Stephens (Data Unit Wales)
David McAuliffe (Blaenau Gwent)
David Powell (Powys)
Ian Allwood (Cardiff)

Richard Weigh (Denbighshire)
Debra Carter (WG)
Hugh Coombs (Independent)

Welcome and Introductions

1. The Chair recorded apologies and introduced Ceri Heywood from Welsh Government to the group as an observer.

Minutes and matters arising from the previous meeting

2. There were no comments of accuracy on the minutes from the previous meeting.
3. Paragraph 4: The chair informed the group that a paper on the future distribution of the Welsh Independent Living Grant (WILG) through the settlement had not been brought to the meeting as the relevant data is not yet of sufficient quality. The chair proposed for this to be brought to the next meeting once further data had been collected.
4. **Action: Welsh Government Officials to bring back a paper to the next meeting on the distribution of the WILG through the settlement for 2019-20 and future years.**
5. Paragraph 7: Ian Allwood is currently investigating capital accountants who can work with Welsh Government officials to better understand the pool rate model and to scrutinise the methodology.
6. **Post-meeting update: On 22 September, Ian Allwood identified Huw Jones and Anil Hirani to assist in the above exercise. Welsh Government officials to arrange a meeting to begin the process of reviewing the methodology.**
7. Paragraph 15: A paper has been tabled under item 3 to discuss the DSG overview paper, prior to taking it to FSG.

Distribution Sub-Group (2017) Minutes – 14 September 2017

8. Paragraph 21: The data collection exercise on the Social Care Workforce Grant (SCWG) had not yet concluded and a paper will be tabled for the next meeting to discuss the outcome of this.
9. **Action: Welsh Government officials to bring an update on the SCWG data collection exercise to the next meeting of the group.**
10. Paragraph 25: Welsh Government officials have corrected the PLASC paper.
11. Paragraph 26: Welsh Government officials fed back on their discussions with policy colleagues on the impact of universal credit and working tax credit on the Free School Meal (FSM) eligibility data. The group were informed that universal credit and working tax credit should not have an impact on the FSM eligibility data for 2018-19. The group raised concerns about the volatility of the FSM and the impact this has for Blaenau Gwent for 2018-19. An oral update on Welfare Benefits Reform has been tabled under item 7 to discuss this further.
12. **Action: Paragraph 31 – outstanding 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.**

DSG (2017) Paper 15 – DSG overview paper for FSG

13. Welsh Government officials presented the DSG Overview paper to the group, giving DSG members the opportunity to comment ahead of it being taken to the Finance Sub Group at the next meeting.
14. DSG members felt issues had been repeated in the DSG overview paper from the DSG Report and suggested they would prefer a shorter paper containing a higher level description of what the DSG does.
15. Discussion took place regarding the longer term formula development section under paragraph 24 of the paper. Members expressed they would like to see reference to a *bottom up determination of cost drivers* and the general use of *future forecasting* rather than a reference to a *unit cost approach* and future forecasting specifically around financial data.
16. DSG members felt the paper could not fully convey the settlement methodology but, perhaps, some kind of seminar or presentation could be offered to FSG members to aid their understanding of the formula. The DSG also felt that the paper should convey more clearly the relative nature of the formula.
17. **Action: Welsh Government officials to make the suggested amendments to the paper and present to the FSG at the next meeting, taking on board the points made by the group.**

DSG (2017) Paper 16 – RO and RA data used in the settlement

18. Welsh Government officials presented a paper on the impact of updating the RO data for the 2018-19 settlement and the combined impact of updating both the RO and RA data. Welsh Government Officials highlighted the impact this has on

Distribution Sub-Group (2017) Minutes – 14 September 2017

individual sectors. It was noted that the RO data has not yet been finalised, however it is not expected there will be any significant change.

19. In table 1 of the paper, DSG members suggested they would like to see the percentage shares total split within each sector in order to see the total percentage share of service expenditure within the sector. This was agreed by Welsh Government officials.

20. Action: Welsh Government officials to amend the presentation of table 1 for future versions of this paper.

21. The increase in the other services RO data was queried by the group.

22. Action: Welsh Government officials to investigate the reason behind the increase in the other services RO data and report back to the group at the next meeting.

DSG (2017) Paper 15 – Draft of Final DSG Report

23. Welsh Government Officials presented the draft of the Final DSG report to the group and asked for any comments from DSG members.

24. Members requested that the wording in the paper around the longer term considerations reflect the changes to be made to the DSG overview paper.

25. On section 3, members felt paragraphs 24 and 25, in particular, could be condensed and that reference under the PLASC data item should reflect the wider implications beyond the settlement.

26. On section 4, members felt this could be shortened and made some technical comments on some of the wording in this section, as well as requesting that the Supported Housing item is discussed further at the November meeting.

27. Action: Welsh Government officials to make the suggested amendments to the DSG report.

28. Action: Welsh Government officials to bring a paper/update on Supported housing to the next meeting.

29. DSG were unclear on how the money is being distributed within the Waste Element of the Single Revenue Grant. Welsh Government officials gave a breakdown of the grant which was announced at the Waste Ministerial Programme Board. The £58m of grant in 2017-18 will be broken down in 2018-19 with a £2m cut, £2m retained by Welsh Government to fund central initiatives, £35m transferring into the RSG, £19m retained in the Single Revenue Grant.

Oral Update – Welfare Benefits Reform Update

30. Welsh Government officials gave an update on the current Welfare Benefits system. Universal Credit has been rolled out in respect of new claims for families and that as of January 2017, where the 2017 FSM PLASC data was taken from only Flintshire was affected. It was concluded the effect on the 2018-19 Settlement was negligible.
31. For the 2019-20 settlement a further six Local Authorities will be affected and thus the impact of FSM eligibility and the deprivation grant on the 2019-20 settlement will be more significant.
32. As this is part of the 2018 work programme it was agreed by the group to monitor the development of universal credit in Wales and to discuss the potential funding impact when the next PLASC data becomes available.
33. A general point was raised with regards to whether the count of people on universal credit is taken from the job centre where the person is registered or the where the person lives.
34. **Action: Welsh Government officials to look at whether the data is job centre based or residence based.**

Any Other Business

35. The Chair informed the group that discussions were ongoing on the provision of funding to allow local authorities to waive child burial fees. One potential option is for the funding to go out in the settlement with no specific distribution as a new responsibility.
36. DSG members asked that VC be made available for future meetings, where possible.
37. **Action: Welsh Government officials to look into changing the room bookings in the future.**

Dates and venues of next meetings

38. The date for 2017 and 2018 are as follows:
 - 15 November 2017, Welsh Government, Cardiff
 - 18 January 2018, Welsh Government, Cardiff
 - 14 March 2018, Welsh Government, Cardiff
 - 15 May 2018, Welsh Government, Cardiff
 - 18 July 2018, Welsh Government, Cardiff

**Local Government Finance Policy
Welsh Government**