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**Meeting of the Finance Sub Group of the Partnership Council for Wales**  
**Wednesday, 20 November 2019**  
**10:00am to 11:00am**  
**Welsh Government Conference Room, Tŷ Hywel, Cardiff Bay**  
**Minutes**

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**MEMBERS**

**Welsh Government Ministers**

Julie James AM, Minister for Housing and Local Government – Chair  
Hannah Blythyn AM, Deputy Minister for Housing and Local Government  
Rebecca Evans AM, Minister for Finance and Trefnydd

**Welsh Local Government Association**

Baroness Cllr Debbie Wilcox (Newport)  
Cllr Andrew Morgan (RCT)  
Cllr Anthony Hunt (Torfaen)  
Cllr Paul Miller (Pembrokeshire)  
Cllr Mark Pritchard (Wrexham) (phone)  
Cllr Dyfrig Siencyn (Gwynedd) (phone)  
Cllr Rob Stewart (Swansea) (phone)

**Police and Crime Commissioners**

Rt Hon Alun Michael – South Wales Police and Crime Commissioner

**Welsh Local Government Association officials**

Dr Chris Llewelyn – Chief Executive, WLGA  
Jon Rae – Director of Resources, WLGA  
Nigel Aurelius – Torfaen (Chief Finance Officer)

**Welsh Government officials**

Paul Griffiths – Special Adviser  
Sara Faye – Special Advisor  
Alex Bevan – Special Adviser  
Judith Cole – Deputy Director, Local Government Finance Policy and Workforce Partnerships  
Margaret Davies – Deputy Director of Strategic Budgeting, Welsh Treasury  
Debra Carter – Head of Local Government Strategic Finance

**APOLOGIES**

Cllr Peter Fox (Monmouthshire)

**Agenda Item 1: Welcome and Introductions**

1. The Minister for Housing and Local Government (the Minister) welcomed members to the fifth Finance Sub Group of 2019 and thanked them for attending at short notice.

**Agenda Item 2: Minutes and Matters Arising from Previous Meeting (Paper 1)**

2. The minutes from the last meeting were agreed.

**Agenda Item 3: Budget and Settlement Announcements – Managing the Uncertainties**

3. The Minister reminded members that the Welsh Government wanted to provide as much clarity as possible over the budget. The budget date of 16 December has been agreed with the Business Committee and the budget will be published via a Written Statement as the date falls during recess.
4. The Minister noted that she understood the implications of a later Draft Budget for setting of council budgets but hoped that the revised date would still allow councils to follow the necessary procedures.
5. The Minister for Finance and Trefnydd echoed her frustration with the delay. She explained that cross-party discussions had taken place and there was full agreement to delay until 16 December. She would be appearing before the Finance Committee for a meeting convened in recess on 18 December. She also confirmed she will be making a statement on the first plenary business day in January. The Minister for Finance and Trefnydd confirmed the Final Budget will be published on 25 February and the budget debate will take place on 3 March.
6. The Minister said she would be appearing before the Equality, Local Government and Communities Committee on 8 January 2020.
7. The Minister stated that the Welsh Government was working hard to announce specific grants information earlier than previous years and at the same time as the budget wherever possible.
8. Baroness Cllr Debbie Wilcox welcomed the steps to give local authorities as clear a position as possible and was grateful for the amount of information shared this year and made a plea to carry on working together.
9. Cllr Anthony Hunt said that this year budget-setting and planning had been approached with the right spirit of partnership. He welcomed the early

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information on grants and assured the Minister that local government had been using the time to do work behind the scenes so they can act immediately after publication of the budget and strike a balance between the duty to consult and the need to give certainty to frontline services.

10. The Minister raised two other areas of consideration. Firstly, she understood that there were two authorities with budget consultations ongoing at present and they may want to pause or reconsider the timing. Other authorities had decided to delay and she backed that decision. The timetable is not ideal but still gives enough time for authorities to consult with stakeholders and residents before setting their own budgets.
11. Secondly, the Minister noted that although she could not say anything about the level of the budget, the announcement on 16 December should still give time to consider the need for any redundancy exercises and consultation.
12. Cllr Hunt noted that budget consultation is good practice but unnecessarily scaring staff or service users was not helpful and many councils had held off until they had more certainty as to the resources they would be consulting on.
13. Cllr Andrew Morgan said that Rhondda Cynon Taf was commencing a four-week high level consultation on priorities and investment areas on 21 November, and following this with a shortened 3-week consultation on the budget in January.
14. The Minister agreed that some authorities were consulting now on corporate plans and that this was not affected by the budget delay. Authorities do their consultations differently.
15. The Minister asked members, hypothetically, for their views on a funding floor and whether there was a collective view on the floor staying within a certain percentage from the average change to the settlement. In recent years this had been 0.5% from the average increase for Wales.
16. Cllr Hunt said that he would lead a broader discussion on this at the WLGA Council to be held on 29 November.
17. Cllr Mark Pritchard noted that from his authority's (Wrexham) point of view, the floor is essential and could impact his Authority by £500k because of population growth. He asked for the floor to go over two years. The local budget would need to be agreed by the Council and this was due to take place before the Final Budget was published. He therefore asked for no substantial changes to be made between the provisional and final settlements.

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18. The Minister said that she could not guarantee that there would be no substantial changes. Additional money might become available as a result of any UK Budget in January. She also noted that the Welsh Government budget is predicated on the assumption that the £593m from the Spending Round is not reduced as a result of any change in Government following the election. Any changes for local government would need to be reflected in the final settlement.
19. Rt Hon Alun Michael noted the timing difficulties with the police settlement from Home Office as there was a legal requirement to take the police precept to policing panels by the end of January. At the moment the Home Office is unable to say when a ministerial decision on the police settlement will be taken. He committed to keeping Ministers informed. He also noted a pressure on budgets as a result of the extra officers announced this year, as they are not fully funded. There was also uncertainty over police transformation funding for violence reduction programmes.
20. The Minister noted that, in the event of any potential further delays to the Welsh Government Budget as a result of UK Government decisions, it may be necessary to look at the dates by which local government budgets are to be set in legislation.

**Agenda Item 4: DSG Report – Update on the treatment of population**

21. Jon Rae presented the paper noting that it was essentially the same report that officials brought to the last Finance Sub Group but there was an update on the population figures. There is a delay to the Welsh Government 2017 subnational projections due to differences in future trends when compared to the recently released ONS national projections. A special meeting of DSG, via teleconference, was convened which considered four options. WLGA also took advice from their own statisticians in Data Cymru and one independent member of DSG was present. The majority view was to use latest 2018 Mid-Year population Estimates but to phase them in over a 2-year period. The indicative redistribution would frame a discussion at the WLGA Council. Officials were thanked for processing all of the figures so quickly to provide the options.
22. The Minister understood that the decision was largely consensual and there were no objections from the FSG in the recommended treatment of population in the settlement for 2020-21. The Minister was happy to implement the population updates on that basis.
23. Jon Rae said he had received an email from Cllr Fox, about the distribution that he would pass onto officials for the record.

**Agenda Item 5: Any Other Business**

24. The Minister for Finance and Trefnydd reminded members of a statement she made on 5 November on the third reforming local government finance and tax report. She agreed to circulate the report after the meeting. The report reflects on achievements in the past year and she thanked the members for their joint work to deliver outcomes.
25. These included steps taken to remove prison sentences for non-payment of council tax, which has had a positive impact on women. It also included work on removing council tax liabilities for care leavers and standardising the support for people with a mental impairment. The Minister for Finance and Trefnydd noted that she was aware of a couple of instances where care leavers have accrued council tax arrears before the new rules came into force, she appealed for a sensitive approach to these cases. She also noted that there was still some work to do on ensuring the agreement on backdating payments for severe mental impairment was applied consistently.
26. The Minister for Finance and Trefnydd highlighted the consultation on charitable rates relief for private schools and private hospitals that will be issued in December.
27. There are still pieces of work on medium and longer term potential reform of local taxes ongoing around land value tax and the impact of universal credit on council tax reduction schemes. There are several pieces of research to be published between now and the end of financial year and the Minister for Finance and Trefnydd is keen to hear views on these. She is keen that any changes are more progressive and fairer.
28. Cllr Hunt noted that changes to collection methods and care leavers as two good examples of Welsh Government and local government working together. He noted that the report and consultation will be discussed at the WLGA Council meeting and a response provided following that.
29. Baroness Wilcox thanked the Minister, Minister for Finance and Trefnydd, the Deputy Minister for Housing and Local Government and the First Minister for change in the way the Welsh Government and local government operate together and their openness. She noted that she was pleased that the two recently appointed council leaders were both women. She wished the group the best for the future.
30. The Minister thanked Baroness Wilcox for her work as leader of the WLGA and said that it had been a pleasure to work with her. She was delighted to see

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more women in leadership roles. She felt the Baroness's future role was very good for Wales.

31. Cllr Morgan asked if a conversation about capital funding could continue as additional capital for 2020-21 would be beneficial.

32. The Minister confirmed that the FSG meeting on 4 December was cancelled. The next meeting would be on 29 January unless any extra meetings were required due to significant changes resulting from the UK election or budget.