

**DISTRIBUTION SUB GROUP (DSG)**

**Minutes of meeting held on 16 January 2019 at Cathays Park, Cardiff**

**Welsh Government (WG)**

Judith Cole (Chair)  
Simon Edwards  
Shelley Heath  
Dominic Evans

Emma Smith  
Ashley Caddick  
Charlie Thomas (for item 5)  
Paul Rhys Jones (for item 5)

**Welsh Local Government Association (WLGA)**

Jon Rae (WLGA)  
Andrew Stephens (Data Unit)  
Carys Lord (Vale of Glamorgan)

Christopher Lee (RCT)  
Dilwyn Williams (Gwynedd)  
Ian Allwood (Cardiff)

**Independent members**

Hugh Coombs (Independent)

Chris Barton (Independent)

**Apologies**

Debra Carter (WG)  
Rhys Andrews (Independent)  
Hywel Jenkins (Neath Port Talbot)

Joy Robson (Monmouthshire)  
Richard Weigh (Denbighshire)  
David Powell (Powys)

**Welcome and Introductions**

1. The Chair recorded apologies and introductions.

**Minutes and matters arising from the previous meeting**

2. There were no comments of accuracy on the minutes from the previous meeting.
3. Actions regarding new responsibilities and the funding floor, and Post 16 specialist placements have been brought back to the meeting as agenda items.
4. Jon Rae stated that David Powell and Christopher Lee will be leaving the group, with the new section 151 officers from Powys and Rhondda Cynon Taf likely to replace them.

**DSG (2019) Paper 1 – DSG Terms of reference**

5. DSG members questioned whether the group usually considers the distributional aspects of specific grants. Welsh Government officials explained that due to timings of new grants and short notice, it is not always possible for these to be considered at DSG meetings, however, where possible, the group will be consulted.
6. Welsh Government officials agreed to continue the practice of consulting the group via correspondence when last minute decisions are required regarding the distributional aspects of specific grants, if time allows.
7. DSG specified the importance of being involved at an early stage in the set-up of any new grant scheme, to ensure that there is little disruption if the grant is moved into the RSG or distributed on a formula basis in the future.

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- 8. Action: Welsh Government officials to make the amendment set out below to the Distribution Sub Group terms of reference and take to the Finance Sub Group meeting as a paper to note.**

### **DSG (2019) Paper 2 – DSG work programme**

9. DSG members requested advance notice of when discussions are needed around welfare reform in order to invite expert colleagues from Local Government.
10. Welsh Government officials asked DSG members to also give advance notice when they believe discussions on Welfare Reform are needed.
11. Welsh Government officials explained the homelessness data is not available until around July and agreed to discuss the current situation with policy colleagues in order to look into updating the indicator.
- 12. Action: Welsh Government officials to discuss the current situation regarding the homelessness data with policy colleagues.**
13. DSG members suggested the annual standing papers should in future be considered virtually or via correspondence.
14. Judith Cole suggested the wording around the education working group in the DSG work programme should also be used in the terms of reference as this more accurately reflects the aims of the group.
- 15. Action: Welsh Government officials to amend the wording around the education distribution formula group in the terms of reference.**
16. DSG members questioned the rationale and the wording around “simplification” used in the work programme. It was agreed this item would be removed from the work programme as the group’s work would always aim to strike a balance between additional complexity and the amount of value added to the formula, without compromising the overarching principles.
- 17. Action: Welsh Government officials to amend the wording in the terms of reference and to remove the simplification item from the work programme.**
18. DSG members discussed the items on *Enabling Local Government Reform* and *Taking Wales Forward* and suggested that these were combined and generalised to the DSG being required to *respond to any wider policy and reform commitments*.
- 19. Action: Welsh Government officials to make the relevant changes to the work programme and to circulate to members ahead of the FSG meeting.**

### **DSG (2019) Paper 3 – Post-16 learning difficulties and/or specialist placements**

20. Welsh Government Additional Learning Needs Transformation Policy officials explained the data provided on the number of pupils requiring specialist placements and historical expenditure. They highlighted the data does not align with population data and there is no obvious trend as costs depend on the needs of the individual learner. It was agreed the data would need further insights in determining a distribution.

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21. DSG members requested further conversations to discuss what is needed from a Local Authority perspective.
22. Welsh Government Policy officials explained that Welsh Government will continue to fund all cases which have already been agreed for the duration of their study (including 2020-21). Local Authorities will need to plan in 2019-20 for cases which they will begin to fund in 2020-21.
23. DSG members specified that the distribution should not enhance the funding for those authorities that will be receiving funding directly by Welsh Government including 2020-21.
24. DSG members discussed the possibility of using the current Special Education Needs formula and amending this to include post 16 education. It was agreed to look into this at the next DSG meeting as it would be helpful to get clarity on the distribution as soon as possible. The paper will treat the transfer as if it were happening now, for illustrative purposes.
25. **Action: Welsh Government officials to bring a paper on possible distributions of funding for Post-16 specialist placements for the March DSG meeting.**

### **DSG (2019) Paper 4 – Discretionary council tax discounts/premiums for empty properties and second homes**

26. Welsh Government officials presented a paper detailing the proposed changes to the calculation of the 100% tax base to take account of the statutory position of council tax for long term empty properties and second homes.
27. DSG members did not feel it was necessary to give Local Authorities a year's notice of any changes, as this should not affect their decision to charge a premium, but agreed there may be some confusion between Local Government and KAS colleagues regarding the recording of the CT1 form.
28. It was agreed a meeting should be set up between some members of the Revenue and Benefits group to discuss the issue. Dilwyn Williams agreed to attend this meeting, if required.
29. **Action: Welsh Government officials to arrange a meeting between DSG members and members of the Local Government Revenue and Benefits group to discuss the issue.**

### **DSG (2019) Paper 5 – The treatment of transfers of new responsibilities and the funding floor**

30. Welsh Government officials presented a paper on the treatment of transfers of new responsibilities and the funding floor and the financial implications of amending this.
31. DSG members raised concerns around explaining the way the floor will be treated under the new approach. It was suggested this would cause more issues with distribution and the transparency of the formula.

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32. DSG members agreed not to change the way the funding floor is calculated in the settlement.

**Dates and venues of next meetings**

33. The future dates and venues of meetings are as follows:

- 15 May 2019, Welsh Government, Cardiff
- 10 July 2019, Welsh Government, Cardiff
- 18 September 2019, Welsh Government, Cardiff
- 19 November 2019, Welsh Government, Cardiff
- 15 January 2020, Welsh Government, Cardiff

**Local Government Finance and Workforce Partnerships  
Welsh Government**