

DISTRIBUTION SUB GROUP (DSG)

Minutes of meeting held on 15 May 2019 at Cathays Park, Cardiff

Welsh Government (WG)

Judith Cole (Chair)	Emma Smith
Simon Edwards	Ashley Caddick
Graham Davies (for item 1)	Neil Jones (for item 1)

Welsh Local Government Association (WLGA)

Jon Rae (WLGA)	Dilwyn Williams (Gwynedd)
Andrew Stephens (Data Unit)	Ian Allwood (Cardiff)
Hywel Jenkins (Neath Port Talbot)	Mark Howcroft (Monmouthshire)

Independent members

Chris Barton (Independent)

Apologies

Debra Carter (WG)	Carys Lord (VOG)
Barrie Davies (RCT)	Richard Weigh (Denbighshire)
Jane Thomas (Powys)	

Welcome and Introductions

1. The Chair recorded apologies and welcomed new members to the group.

Minutes and matters arising from the previous meeting

2. There were no comments of accuracy on the minutes from the previous meeting.
3. Paras 8, 15, 17 and 19: The agreed amendments were made to the DSG Work Programme and Terms of Reference, which were subsequently circulated to the DSG for agreement, before being taken to the FSG meeting on 23 January.
4. Para 12: The action regarding discussing the homelessness data with the relevant Welsh Government policy team was still outstanding.
5. **Action: Welsh Government officials to discuss the current situation regarding homelessness data with policy colleagues.**
6. Para 25: A paper on post-16 specialist placements is tabled for this meeting.
7. Para 29: Welsh Government officials met with the revenue and benefits group to discuss discretionary council tax discounts and an item has been tabled for this meeting.

DSG (2019) Oral Item – Coastal Risk Management Program (CRMP)

8. Welsh Government officials gave an update on the CRMP, as it is the intention to transfer this into the RSG in a staged process from 2020-21 to 2022-23.
9. The schemes scheduled for construction in 2019-20 are unlikely to commence until late 2019 (October onwards), therefore the first year's revenue payments for schemes will be through specific grant via the WG Flood Team with future payments being made through RSG.

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10. Officials discussed that this funding could go into the settlement between provisional and final settlement, and the distribution would work similarly to how the LGBT highways works in practice.

11. Action: Welsh Government officials to share the note on CRMP with the DSG.

DSG (2019) Oral Item – Pool rate working group

12. DSG members were informed that a member of the sub-group had re-created the debt financing model without a pool rate.

13. Officials are currently investigating the practicalities of the model and specified that there is still a potential need of a pool rate, to calculate car leasing charges, mortgages etc.

14. DSG specified that they had no issues with the new mechanism being investigated, but they would need to make sure it does not compromise the current principles, not favour those with poor borrowing decisions and still provides a notional number.

15. Action: Welsh Government officials to inform the group of progress at the next meeting.

DSG (2019) Paper 6 – NHS funded nursing care transfer

16. Welsh Government officials presented a paper on the potential transfer into the settlement of funding for Funded Nursing Care in social care.

17. The group agreed with the proposal recommended that, should this funding be transferred into the settlement for 2019-20, it should be distributed on the older persons' personal social services Indicator Based Assessment.

DSG (2019) Paper 7 – Post-16 learning difficulties and/or specialist placements

18. Welsh Government officials presented the paper to the group as an action from the last meeting.

19. The group specified that they would like to look at the current actual data on individual placements, investigating how much funding they have received for the year and how much Welsh Government have committed for subsequent years.

20. This would then allow the group to derive a model to phase the funding from actual to population or an equivalent data source, for example a minimum and maximum cost depending on the decision points of extending funding from say three years to four years.

21. It was questioned if the additional learning needs (ALN) act should get discussed at the Finance sub-group (FSG) at a political level, prior to discussing funding distributions.

22. The DSG felt that the discussions need to be had on budget pressures relating to general education and the ALN funding, ensuring they are treated separately, prior to the act commencing.

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23. DSG members wanted to continue to investigate, to ensure that LAs/the group are given enough time to plan for these changes financial and to be able to fully consider the distributional impacts.
24. The WLGA have not yet gathered the perspectives from all the local authorities on the act as a whole, although until the ALN guidance is published, members stated that they would not know exactly the requirements that will be placed on them.
25. **Action: Welsh Government officials to bring a paper on possible phasing of the distribution of funding for Post-16 specialist placements for the July DSG meeting.**

DSG (2019) Oral item – Discretionary council tax discounts/premiums for empty properties and second homes

26. Welsh Government officials informed the group of the discussions at the recent Revenue and Benefits discounts and premiums sub-group.
27. The main discussion on discounts was around the confusion of the interpretation of the legislation and that revenue managers were not informed on the proposal.
28. The DSG discussed that that the current mechanism, used in the 100% tax base, of removing dwellings based on each authority's discount policy levels must be changed ahead of the 2020-21 settlement. This is regardless of whether the understanding of the legislation of the policy is agreed.
29. The group specified that having a consistent mechanism should form a recommendation in the DSG work programme to be presented to FSG in July.
30. The DSG recommended the WLGA write to treasurers to ensure this view is shared across authorities and specifying that this should be passed to revenue and benefits colleagues of the up-coming changes.
31. Welsh Government officials will draft the funding exemplifications and send via correspondence, with all long term empty properties and second homes treated consistently by either:
 - i. no discount applied across all LAs,
 - ii. a 50% discount applied across all LAs.
32. Welsh Government officials will further discuss the suggested options with the revenue and benefits sub-group.
33. **Action: WLGA to write to all treasurers to confirm the view of the proposed changes of council tax discounts for the 2020-21 settlement.**
34. **Action: Welsh Government officials to draft exemplifications for DSG members to help inform which option should be used and run the practicalities of these options with the revenue and benefits sub-group.**

Any other business

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35. The membership of the group was discussed with Richard Weigh leaving the group, a new representative from a North Wales authority would be required.
36. Officials discussed independent membership, officials confirmed that Dr Dennis De Widt will be joining the group to replace Rhys Andrews, and the WLGA had been in contact with Wales Fiscal Analysis Centre over potential membership.
37. The group requested that a standing item was added to the added of a report back from each of the sub groups – currently waste and education.

Dates and venues of next meetings

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

- 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**