

DISTRIBUTION SUB-GROUP (DSG)

Minutes of meeting held on 16 November 2021 via Microsoft Teams

Welsh Government (WG)

Simon Edwards (Chair)
Ashley Caddick
Coral Putman

Welsh Local Government Association (WLGA)

Barrie Davies (RCT)
Dafydd Edwards (Gwynedd)
Steve Gadd (Denbighshire)
Carys Lord (VoG)
Jon Rae (WLGA)
Sam Sullivan (Data Cymru)
Jane Thomas (Powys)

Independent members

Dr Dennis de Widt
Guto Ifan

Apologies

Judith Cole (Welsh Government)
Emma Smith (Welsh Government)
Ian Allwood (Cardiff)
Chris Barton (Independent)
Jonathan Davies (Monmouthshire)
Huw Jones (Neath Port Talbot)

Welcome and Introductions

1. The Chair welcomed the group to the meeting.

Minutes and matters arising from the previous meeting

2. No comments on accuracy of minutes from last DSG.
3. Paragraph 29: The DSG report was circulated for comments, then sent to and agreed by the Finance Sub-group (FSG).
4. Paragraph 33: The future of the Green Book had not yet been considered in detail and more work will be done on this after the publication of the 2022-23 provisional settlement.

DSG (2021) Paper 21 – Revenue Outturn data

5. Welsh government officials presented a paper on updating the revenue outturn (RO) data for the 2022-23 settlement. To ensure the group were aware of how the financial data is used in the settlement, officials provided and communicated some practical examples of these.

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6. Members queried why the revenue account (budgeted) data treats CTRS as fixed values. Officials explained that DSG were previously presented a paper on this (DSG (2021) - Paper 05). The minutes from DSG (2021) paper 5 explained the group previously did not want to consider this until any review of CTRS was completed.
7. Officials continued by explaining the changes in the Wales level Indicator Based Assessments (IBA) as a result of updating the RO data from 19-20 to 20-21. The results showed some intuitive changes, but general administration, recreation, and cultural services had all increased which was counter-intuitive. Officials demonstrated that the increase in these IBAs were largely as a result of less income being received due to the Covid-19 pandemic. As Welsh Government had supported Local Government for loss of income, officials noted that this information had been inputted on alternative lines, distorting the data used in the settlement.
8. Members agreed to freeze the dataset for 2022-23 due to the complexities of the other potential solutions. The group queried the impact of FSG having already agreed the DSG report. Officials noted that para 35 in the DSG specified that the data was used subject to it looking “reasonable”. Members requested that para 35 and the table in annex C of the DSG report be updated to reflect these discussions and circulated around treasurers.
9. **Action: Welsh Government officials to update annex C of the DSG report and circulate to the group.**

Oral item: HMRC tax conditionality

10. Welsh Government informed the group of a one-off grant (circa £90k) from HMRC due to legislation introducing tax conditionality for licensing in England and Wales. Officials provided the group three draft options of how this funding could be paid out: (1) transfer it into the settlement, then in year 2 transfer out; (2) pay as a separate grant; or (3) pay via specified bodies.
11. The group agreed that due to it being relatively small and for one year only, specified bodies would be their preferred method, with LAs to invoice WLGA for the funding in the financial year.

Oral item: Power BI settlement dashboard prototype

12. Officials presented a prototype of an interactive settlement dashboard using Power BI. This was used to attempt to engage the group in thinking of different methods to present data rather than the current approach of using static PDFs. This prototype included the financial breakdowns and underlying indicator datasets clearly showing the steps in calculating an IBA.
13. Members discussed saying that it looked good, but wanted to ensure if it is developed further then the element of explaining how the Standard Spending system works is not lost. Members felt that it was particularly important to include caveats around the use of the data (e.g. that IBAs are not spending targets).
14. The group queried how it would be accessible and if specific software was required. Officials noted it would be embedded within the Welsh government webpages for anyone to view, with the underlying data feeding from StatsWales.

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Another member queried if you could include a time series within the tool. Officials expressed that is not currently built in but it shouldn't be too complex to develop.

15. Others on the group highlighted that Power BI is already widely used within their authorities and officers from Data Cymru offered support to members to develop dashboards using this software.

AOB

Technical amendment of NDR

16. The chair informed the group that they had ministerial approval to change the balance of funding of the non-domestic rates (NDR) for 2022-23. This would change the percentage of NDR from 95% LA and 5% Police to 99.9% LA and 0.1% Police. Officials noted this had no financial bearing as the level of RSG funding would counterbalance the decrease in AEF for police and LAs would see a reduction in RSG.

Data

17. Officials thanked the group for returning their validations and informed the group that they were looking to finalise the settlement data by the end of the week.

Other

18. Officers requested more information on the timings of the budget. The chair explained that the budget will be announced on 20 December (including the Wales RSG budget line). The settlement will be published the following day on 21 December including information on specific grants for years 2 and 3, if it is deemed sufficient. It is hoped that more information will be available for the final settlement.
19. The group also queried the timing of future settlements. The chair noted that – subject to the timing of the budget – the settlement would revert to usual timings next year with the provisional settlement in October and the final settlement in December.

Close

Dates and venues of next meetings

20. The future dates of meetings are as follows to take place via MS Teams, until further notice:
 - 18 January 2022
 - 22 March 2022
 - 11 May 2022
 - 5 July 2022

**Local Government Finance Policy and Sustainability Division
Welsh Government**