

Finance Sub Group Meeting – 09 February 2022
Minutes of the Meeting

Finance Sub Group of the Partnership Council for Wales Minutes

Wednesday, 9 February 2022

11:30-13:00

MS Teams

Welsh Government Ministers

Rebecca Evans MS, Minister for Finance and Local Government – Chair

Welsh Local Government Association

Cllr Dyfrig Siencyn (Gwynedd)

Cllr Carol Clement-Williams (Neath Port Talbot)

Cllr Aled Davies (Powys)

Cllr Andrew Morgan (Rhondda Cynon Taf)

Cllr Mark Pritchard (Wrexham)

Cllr Rob Stewart (Swansea)

Police and Crime Commissioners

Peter Curran – Chief Finance Officer, South Wales Police & Crime Commissioner

Welsh Local Government Association officials

Dr Chris Llewelyn – Chief Executive, WLGA

Jon Rae – Director of Resources, WLGA

Nigel Aurelius – Chief Finance Officer, Torfaen

Leah Whitty – WLGA, Finance Policy Officer

Welsh Government officials

Judith Cole – Deputy Director, Local Government Finance Policy & Sustainability

Debra Carter – Deputy Director, Local Government Finance Reform

Matt Wellington – Budget & Government Business

APOLOGIES

Cllr Anthony Hunt (Torfaen)

Cllr Paul Miller (Pembrokeshire)

Alun Michael – South Wales Police and Crime Commissioner

Reg Kilpatrick – Director General, COVID Crisis Coordination

Item 1: Welcome and Introductions

1. The Minister for Finance and Local Government (the Minister) welcomed members to the meeting, and noted apologies.

Item 2: Minutes and Matters Arising from the Previous Meeting

2. The minutes from the last meeting were agreed.

Item 3: Minister's update

3. The Minister welcomed the positive feedback on the provisional settlement, and hoped that this would enable local authorities to deliver local and national services, respond to the climate emergency, and work towards the Net Zero Wales plan.
4. The Minister reiterated that the settlement included funding for pay rises, specifically teachers' pay, and advised members that no further funding would be made available for local government and teachers' pay rises should be funded from local authority budgets, in light of this settlement.
5. The Minister advised members that possible options for further boosting funding for 2021-22 are being looked at, however the final 2022-23 settlement is expected to be the same as the provisional settlement. The Minister noted last week's announcement of an additional £70m general capital funding, £46m for hardship fund and £21.4m to meet the costs of recovery from the 2020 floods.
6. The Minister informed members that despite the recent UK Government announcement that an additional £175m would be provided to Welsh Government for a scheme linked to people living in houses in council tax bands A to D, that this was in fact offset by similar negative consequentials.
7. The Minister updated the group on the work on council tax reform and noted the intention to consult on the plans which would include revaluation and a review of council tax discounts. The council tax reduction scheme will also be reviewed. An update will follow in late June. Alongside this, the Minister added that the Green Pig Campaign will be rerun.
8. For 2021-22 the Minister noted that £19.3m has been made available to help meeting the cost of losses in council tax collection.
9. The Minister noted that a formal Tourism levy consultation will take place in autumn, with design workshops to engage partners in the tourism sector.
10. Cllr Morgan, Cllr Clement-Williams, Cllr Pritchard, Cllr Siencyn and Cllr Davies thanked the Minister for the provisional settlement, however some acknowledged that Years 2 and 3 were going to be tight.

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11. Cllr Pritchard, and Cllr Davies raised their concerns about the tourism levy and encouraged careful implementation with discretion given to local councils whether a levy is raised or not. The Minister confirmed that this was the case. Cllr Siencyn said further detailed discussion would be needed on the operational aspects but welcomed the proposals given the impacts of tourism on his area.
12. All Councillors requested that the Minister provide more clarification on the extra funding linked to the cost of living funding from the UK Government. The Minister outlined that initial discussions with HMT confirmed it was new money, but information since provided indicated funding would be recycled from underspends elsewhere in government departments and would not be additional. Cllr Clement-Williams expressed her concern at the impact of increased costs of living and suggested members lobby Westminster to provide more support.
13. The Minister noted that Wales has a nationwide Council Tax Reduction Scheme unlike in England, adding that the Welsh Government was looking at how they are able to put more money in people's pockets. Whilst options were still being considered, the Minister suggested that there will likely be a discretionary fund to accompany any cost-of-living scheme put in place.

Item 4: WLGA update on local government funding issues

14. The Minister asked whether – in Cllr Hunt's absence – anyone else would like to deliver the WLGA update on funding issues. Dr Llewelyn responded indicating that most of the points he was going to raise had already been covered.

Item 5: Distribution Sub-Group work programme

15. The Minister introduced Welsh Government officials to present Paper 2.
16. Judith Cole outlined the work programme broken down into short term and more strategic issues, with these likely to run over more than 1 year. She noted that the short term focus will be on data sets such as those affected by pandemic, free school meals, tourism data and the Census. The strategic area will focus on longer term issues such as investigating the weightings of indicators, and the impact of other policy issues such as council tax reform.
17. Cllr Siencyn raised that his council are also considering the tourism data collected by his council, suggesting it is outdated and not in-line to develop plans for sustainable tourism, and would welcome working together on the data collected.
18. Cllr Pritchard, Cllr Siencyn and Cllr Clement-Williams agreed that they would welcome a specific review of the funding formula as some of the data has not been updated for 20 years like the census. They suggested that the formula needs to be split up, with certain areas such as schools looked at first. They noted the potential outcome may make significant changes to the settlement

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allocations, and if local authorities are unhappy with the outcomes, then they could always revert to the existing formula.

19. Judith Cole noted that after the latest Census, DSG were presented with the impact of updating the data, but due to the financial context at the time members recommended not updating the data. She added that the DSG were investigating education and social services elements of the formula but this was delayed due to the pandemic.
20. The Minister suggested that at the next FSG meeting, Welsh government officials could provide a paper on the formula with DSG member contribution on their views of the accuracy and timeliness of the data. A paper on options for further work could then be commissioned.

Action: Officials to provide a paper on the formula data to the next meeting and invite a member of DSG to attend

Item 6: Police and Crime Commissioners' update

21. Peter Curran passed on apologies from Alun Michaels. He provided an update on the proposed precepts by Police and Crime Commissioners and noted that additional funding was being provided from the Home Office for the apprenticeship levy, but this was still lower than Police Authorities' costs.
22. The Minister queried the impact of capital funding being removed by Home Office. Peter Curran responded adding that this meant that they have to use revenue to fund capital projects or through borrowing through the public works loan board.

Agenda Item 7: Any Other Business

23. Dr Llewelyn said the Unite ballot on pay awards closed on 17 February. He noted the average council tax increase was 3.2% with a range generally between 3-4%.
24. Cllr Pritchard noted the annual pay award for 2021-2022 had not yet been settled. He queried whether councils were expected to fund increases for non-teaching staff. The Minister confirmed that the settlement increase and authorities own resources would need to cover all pay increases.
25. Cllr Morgan warned that there is a need to be cautious about what information is put in the public domain on pay, as showing that there is money set aside for pay awards will be used as starting point for negotiations, and that the Minister had previously accepted that this put pressure on local authorities.
26. The Minister closed by saying that this was the last time that FSG would meet before the council elections in May. She thanked everyone for their contributions to this group and others, and wished everyone well.

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