

**Finance Sub Group Meeting – 14 July 2022**  
**Minutes of the Meeting**

**Finance Sub Group of the Partnership Council for Wales Minutes**  
**Thursday, 14 July 2022 10:00-11:30 MS Teams**

**Welsh Government Ministers**

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

**Welsh Local Government Association**

Cllr Anthony Hunt (Torfaen)  
Cllr Jane Mudd (Newport)  
Cllr Ian Roberts (Flintshire)  
Cllr Llinos Medi (Ynys Mon) (until 10.30)  
Cllr Dyfrig Lewis Siencyn (Gwynedd)  
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**

Jon Rae – Director of Resources, WLGA  
Nigel Aurelius – Chief Finance Officer, Torfaen

**Welsh Treasury officials**

David Greenough – Welsh Treasury  
Tom Cleaver – Welsh Treasury

**Welsh Government policy officials**

Debra Carter – Deputy Director, Local Government Finance Reform  
Judith Cole – Deputy Director, Local Government Finance Policy & Sustainability  
Emma Smith – Local Government Finance Policy & Sustainability  
James Koe – Local Government Finance Policy & Sustainability  
Emma Watkins – Budget & Government Business  
Matthew Wellington – Budget & Government Business

**APOLOGIES**

Cllr Paul Griffiths (Monmouth)  
Cllr Andrew Morgan (Rhondda Cynon Taf)  
Cllr Paul Miller (Pembrokeshire)  
Alun Michael – South Wales Police & Crime Commissioner  
Reg Kilpatrick – Director General, COVID Crisis Coordination  
Dr Chris Llewelyn – Chief Executive, WLGA

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**Item 1: Welcome and Introductions**

1. The Minister for Finance and Local Government (the Minister) welcomed new members to the meeting, summarised the role and purpose of the Group and noted apologies.

**Item 2: Minutes and Matters Arising from the Previous Meeting**

2. The minutes from the last meeting were agreed and actions noted and updated.

**Item 3: Minister's update**

3. The Minister provided an update on the budget situation up to 2024-25 and the economic context. This included the impacts of inflationary pressures, the ongoing cost of living crisis, war in Ukraine and the recovery from the pandemic. She noted the challenges the forthcoming budget was likely to pose.
4. The Minister said she expected to deliver a Welsh budget in December following an announcement from the UK government on their budget. The minister welcomed the work WLGA had done and further work it planned to develop a clear picture of local government priorities for funding and assessment of pressures to help inform the Government's deliberations.
5. The Minister alerted the group to the publication of the consultation on a fairer council tax. This was a first step in meeting the programme for government and co-operation agreement commitment to a fairer and more progressive system. She had met with Leaders and Finance Spokespeople on 29 June to go through the consultation which covered high level design principles. A further consultation will be needed on more detailed design issues. The minister looked forward to responses to the consultation.
6. The minister noted the end of the hardship fund and took the opportunity to thank those involved, and local authority finance teams in particular for the immense effort over the last two years. Cllr Hunt thanked Ministers and officials for the support provided through the fund which had left authorities in a better position to face future challenges and for the way in which they had worked with local government. He suggested that a joint letter of thanks to LA finance teams would be welcomed.

**ACTION: A joint letter of thanks to be agreed and issued.**

7. The minister thanked the local government for their response to the Ukraine crisis, noting a memorandum of understanding had now been agreed with the UK for general tariff funding and host thank you payments. The UK Government had only confirmed funding for the first year of the scheme and no funding for the impact of those on the family scheme. She continued to raise these points with UK

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Government Ministers. Officials are in the process of finalising the finance guidance and quarterly claim forms for local authorities. Cllr Siencyn thanked the minister noting the welcome centre in his area was operating well but that staff are under substantial pressure. He expected that housing would likely be a longer - term issue than initially anticipated.

8. The minister agreed to send a short note confirming the details of funding for local authorities to support Ukrainians coming to Wales.

**ACTION : A short note detailing funding arrangements to be sent to members.**

### **Item 4: WLGA update on local government funding issues**

9. The minister invited the WLGA to update on local government issues. The WLGA presented paper 2 summarising an early assessment of local government spending pressures and referring to a recently published Wales Fiscal Analysis report. The paper recognised the pressures the projected CPI rate and council tax will have on household budgets and set out projected shortfalls for local government funding of £98m in 2023-24 and £150m in 2024-25.

10. Members of the group emphasised the need to share information on the pressures faced and how these can be faced together. Cllr Medi noted that while winter pressures in social care is an annual event grant funding was usually provided in year and provision of funding through the settlement would support forward planning. Cllr Pritchard thanked the minister for the settlement received but raised concerns about the pressures on adult and social care in particular.

**ACTION: Ask Minister for Health and Social Services to meet with Leaders to discuss the cost pressures in health, social care and social services.**

### **Item 5: Visitor levy consultation**

11. The minister thanked Welsh Treasury officials for the visitor levy work to date and local authorities for their engagement. Welsh Treasury officials gave a presentation on the Tourism Levy Programme for the development of a discretionary visitor levy. They explained that a consultation was planned later this year
12. Cllr Pritchard raised concerns about the impact of the tourism levy on Welsh tourism and encouraged careful implementation. Cllr Siencyn welcomed the idea of a levy on visitors to LAs to protect communities and improve the experience of visitors. The minister recognised the need for effective engagement across industry to support sustainable tourism.

### **Item 6: Local Government Revenue Settlement Funding Formula Analysis**

13. The minister introduced Welsh Government officials to present paper 3.

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14. Judith Cole gave an outline of the paper which had been developed through DSG. The paper explained the funding formula and how decisions balanced responsiveness to changing circumstances and stability for local authority budgets. Jon Rae noted that consideration had been given to updating the oldest data which related to dispersion following the 2001 census. At that time and subsequently FSG had decided that the data should not be updated in view of the impact on the distribution.
15. Cllr Pritchard raised concerns about the 1991 census currently being used as well as the reliability of the population figures. Cllr Roberts raised concerns about the consistency of the dataset years used within the formula. Judith Cole explained that distribution of 80% of the funding is being calculated by datasets updated annually. The population figures were updated annually by taking ONS population estimates and projections as appropriate. DSG considered these changes each year. The indicators covered the range of services local authorities delivered for example it included road lengths to reflect the need for road repairs. Cllr Mudd noted the need to ensure all authorities understood the operation of the formula and were confident in the assurance about fairness provided through the governance mechanism. It was noted that DSG members are drawn from a range of types of authorities and also include independent members, they consider changes to the formula carefully within the current financial context at the time. WLGA was to offer specific opportunity to understand the formula in more detail. The Minister noted that Senedd members might also wish to have more information.

**Action : FSG would consider the DSG report and work-programme at subsequent meetings.**

**Item 7: Police and Crime Commissioners' update**

16. Peter Curran provided an update on the key finance issues currently facing police Wales which included the police pay award at 3%, staffing levels, the relatively low growth in the council tax base in Wales and the ongoing concern at the operation of the apprenticeships levy. He provided an update on the work of the Home Office on the police funding formula, the additional costs arising from policing the capital city and the levels of deprivation in Wales.

**Agenda Item 8: Any other business**

17. No other business.