

DISTRIBUTION SUB-GROUP (DSG)

Minutes of meeting held on 13 September 2022 via Microsoft Teams

Welsh Government (WG)

Judith Cole (Chair)
Tim Evans
James Koe
Rachel Hughes (Minutes)
Martin Parry (KAS)

Welsh Local Government Association (WLGA/ LA)

Chris Llewelyn (WLGA)
Jonathan Davies (Monmouthshire)
Jane Thomas (Powys)
Ian Allwood (Cardiff)
Steve Gadd (Denbighshire)
Barrie Davies (Rhondda Cynon Taf)
Dewi Aeron Morgan (Gwynedd)
Leah Whitty (WLGA)

ONS

Nigel Henretty (ONS)
Francesca Falco (ONS)
Helen Moore (ONS)
Jonathan Wroth-Smith (ONS)
Larry Bartlett (ONS)

Independent members

Dr Dennis de Widt (Independent)
Guto Ifan (Independent)
Sam Sullivan (Data Cymru)
Chris Barton (Fire)

Apologies

Emma Smith (Welsh Government)
Jon Rae (WLGA)
Huw Jones (Neath Port Talbot)
Carys Lord (Bridgend)

Welcome and Introductions

1. The Chair welcomed the group to the meeting, recorded apologies and introductions were made for the benefit of new members.

Item 1: Minutes and matters arising from the previous meeting

2. There were no comments on the accuracy of the minutes from the last DSG meeting which were agreed.
3. Actions arising from the previous meeting had been completed or carried forward where relevant. It was noted that there were a number of outstanding action points.

Item 2: Update from ONS on Census 2021

4. ONS colleagues gave an overview of the 2021 census numbers in Wales. They stressed that this is only a snapshot in time based on the usual resident population on the date of the Census. LAs have worked with ONS combining other data sets to quality assure the data included and published. A 96% response rate for Wales was seen with the first results of data already published over the summer. ONS colleagues provided a schedule of planned publications including topic summaries to be published at the start of next month (October), followed by Multi Variate data next year and other data later in 2023.
5. The pandemic has been considered within the figures in particular the impact regarding students. Some temporary and some permanent changes were identified following the pandemic impact. Overall, Wales saw a population increase and an aging population which was expected.
6. ONS explained that high level population estimates have been updated with this new census data and they recently published an article, included within the slides. ONS are intending on updating the mid-year estimates (MYE) for 2021 by rolling forward the census data from March 2021 three months. Colleagues detailed how a new data source is being used based on Health Data and they expect reduced lag time going forward between sources.
7. User engagement activities are being planned to determine a better understanding of what is required by users. The aim is for more timely statistics including population and migration estimations. Some progress has been made on this to date including the dynamic population model (DPM). ONS have published a case study regarding this and a timeline showing progress, research and aims covering the last ten years was shared.
8. Members raised questions regarding migration and in particular student movements being captured. ONS colleagues stated that data is also being used from the Higher Education and health sectors alongside the census and a consistent approach will be undertaken. The Covid pandemic impact was also raised and there is increased consideration of migration and death rate in updating estimates going forward as well as the rebasing of historical estimates.

Action – ONS Presentation slides to be circulated to the group

Action – ensure the DSG work-programme includes consideration of the impact of the census 2021

Item 3: Paper 5 – Population data for the 2023-24 Settlement

9. WG Settlement team presented a paper regarding data sets to be used for the Settlement (Paper 05). This showed the difference between two population datasets – 2018-based population projections for 2023 and a hybrid to include available Census data from 2021 – to consider for the 2023-24 settlement.
10. Officials highlighted that pure population data is used to distribute over 25% of total Standard Spending Assessment (SSA) for the 2022-23 settlement. A discussion was held regarding which option to apply. The WG Settlement team talked through the analysis and tables within the paper and the impact this could have for LA's funding.
11. Points raised included
 - the principle that most up to date data was used where possible,
 - the census data was the most reliable official data and significant efforts had been made by ONS to ensure it was robust despite the timing of the pandemic,
 - delaying the change would lead to a larger step change later,
 - delaying the change disadvantaged those authorities which were seeing increased population (and by implication increased demand),
 - where increased council tax income was occurring as a result of population change the operation of the formula took this increased tax-base and income into account and reduced AEF as a result so to delay the population changes further disadvantaged such authorities,
 - the need to ensure little change between provisional and final settlements given the budget timetable,
 - there was other data to be published but the general shape of change was not expected to differ from the exemplification shared for this meeting. As the paper indicated, further analysis will be carried out following the publication of the demography and detailed age breakdowns and be sent out in correspondence. If members wished to discuss at any point, then a meeting will be arranged ahead of the next DSG on 15 November.
 - the need to consider floors or other phasing to help Local Authorities manage the impact of reductions.
12. The Chair summed up the points raised and said that the report to FSG would include reference to this consideration - a draft would be shared in correspondence for agreement or further discussion if needed.
13. **Recommendation** – To use a hybrid option with the 2021 census data in the 2023-24 settlement and provide DSG with the financial implications as soon as further population age breakdowns become available.

Item 4: Paper 6 – Revenue Outturn (RO) data

14. Officials presented a paper on the potential impact on the Settlement if using Revenue Outturn data for either 2019 prior to the pandemic as used in the 2022-2023 Settlement or RO data from 2021 which will have been impacted to some

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degree by the then ongoing pandemic restrictions etc. (Paper 06). It was highlighted that some 2021 data is still outstanding,

15. Table 5 within the paper showed the variances which were discussed by the group. Current consensus is to use the 2019 frozen data (Option A) as the latest data has high variances from previous patterns and the impact of the pandemic is not fully apparent within the data.
16. The group queried the 2021 data and high proportion of outstanding returns – 40% which officials agreed to investigate further and provide an update. Data would be updated as available to include within the settlement at a later date.
17. **Recommendation** – agreed in principle to retain frozen RO dataset from 2019-20, as per the previous 2022-23 settlement, due to uncertainty in the data. This is subject to further analysis of the latest 2021-22 RO data when available.

Action – Officials to check data with KAS colleagues regarding the 40% LA outstanding returns and assist with chasing data where necessary

Action – Officials to update DSG by correspondence of the position when the data is available

Item 5: Paper 7 – Revenue Account (RA) data

18. Officials presented a paper on the Revenue Account data (Paper 07). Tables within the paper were discussed showing the data changes and the financial impact these were having.
19. The group raised questions regarding the driving factors of the data for the variances particularly around the 'other' category in the tables. Officials agreed to review the data and provide an update of the reasoning at the next meeting.
20. **Recommendation** – To use the latest 2022-23 data following the investigation and reassurance of the 'Other' category data.

Action – Officials to review the 'Other' Category data and what is included within this to update the group.

Item 6: Any Other Business

21. Officials raised the following areas and stated that exemplification papers will be issued as correspondence on each shortly.
 - Frozen datasets (Including traffic and tourism data) impacted by COVID-19 for the 2023-24 settlement
 - Pool rate for the 2023-24 settlement
 - 2022 PLASC pupil numbers for the 2023-24 Settlement

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22. The chair stated that if the group wanted to have a discussion on the above topics when correspondence was received then this could be arranged as an additional meeting before the November meeting to manage the level of business in November.
23. Future work was discussed. The group agreed that as there was no political or other agreement for a fundamental review of the formula methodology resources would be better spent looking at data sets to include and update going forward. Therefore, the sub-groups which have not progressed since covid will not be re-opened at this stage.
24. The group noted that there should also be focus on the outstanding actions to clear these prior to any further work. The Chair agreed to provide a draft paper on future work programmes at the next meeting.

Action – Draft paper on future work programmes to be provided

Dates and venues of next meetings

25. The future dates of meetings are as follows to take place via MS Teams, until further notice:

- 15 November 2022

Proposed Dates

- 17 January 2023
- 14 March 2023
- 16 May 2023
- 4 July 2023
- 14 September 2023
- 14 November 2023

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Actions Outstanding

Action	Owner	Date raised
ONS presentation slides to be circulated	ONS/ WG Settlement team	13/9/22
Ensure the DSG work-programme includes consideration of the impact of the census 2021	WG Settlement team	13/9/22
Officials to check data with KAS colleagues regarding the 40% LA outstanding returns and assist with chasing data where necessary	WG – Settlement team	13/9/22
Officials to update DSG by correspondence of the position when the data is available	WG – Settlement team	13/9/22
Officials to review the 'Other' category Revenue Account data to determine what is included and update the group	WG – Settlement team	13/9/22
Draft progress report for submission to FSG to be provided and circulated before November	WG Settlement team	13/9/2022
Draft paper on future work programmes to be provided	WG – Settlement team	13/9/22
Ensure the DSG work-programme includes consideration of the impact of the tourism levy programme on the funding formula at the appropriate times	WG – Settlement team	5/7/2022
Share a list of the pros and cons of each dataset with DSG colleagues	WG – Settlement team	5/7/2022
Follow up position on ALN funding	WG – Settlement team	5/7/2022
Paper on analysis implications of FSM universal rollout	WG – Settlement team	11/5/2022

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