

**DISTRIBUTION SUB-GROUP (DSG)**

**Minutes of meeting held on 28 March 2023 via Microsoft Teams**

**Welsh Government (WG)**

Judith Cole (Chair)  
Tim Evans  
James Koe  
Freya Gregory  
Clare Blake (Local Government Finance Reform)  
Ella Davidoff (Focus Programme)  
Nicola Richards (ESJWL)  
Sarah Angel (Education)  
Michelle Playle (Focus Programme)  
Michael Maragakis (Education)  
Eleri Davies (Education)  
Meinir Jones (Education)  
Gavin Elias (KAS)  
Hannah Wharf (Education)

**Welsh Local Government Association (WLGA/ LA)**

Jon Rae (WLGA)  
Jane Thomas (Powys)  
Carys Lord (Bridgend)  
Barrie Davies (Rhondda Cynon Taf)  
Dewi Aeron Morgan (Gwynedd)  
Leah Whitty (WLGA)  
Sam Sullivan (Data Cymru)  
Jonathan Davies (Monmouthshire)  
Sharon Davies (WLGA)

**Independent members**

Guto Ifan (Independent)  
Dr Dennis de Widt (Independent)

**Apologies**

Huw Jones (Neath Port Talbot)  
Chris Barton (Fire)  
Steve Gadd (Denbighshire)  
Ian Allwood (Cardiff)

**Item 1: Welcome, Apologies and Introductions**

1. The Chair welcomed the group to the meeting, recorded apologies and introductions were made for the benefit of new members and attendees. Judith adjusted the agenda, so Item 3 was brought to the beginning of the meeting.

**Item 2: Oral item – Council Tax Reform update and discussion**

2. Clare Blake explained the ongoing work on council tax reform, noting this work has been prioritised by the Labour Government in Wales and their co-operative agreement with Plaid Cymru for the past 7 years.
3. Clare explained phase one, which included a consultation (<https://www.gov.wales/fairer-council-tax>), discussing a full re-evaluation, re-banding of properties, restructure of the band system including adding more bands, and more progressive tax rates.
4. An aspect of the consultation included adding a rolling re-evaluation cycle to be written into primary legislation. The cycle could either be annual, or up to 10 years. The team had received positive feedback on this from WLGA, economists and academic experts. However, the public had a less positive response mainly due to misconceptions that this would be an increase to council tax, as property prices have gone up considerably.
5. There was a general lack of trust that this would be a neutral change. This consultation had been run through a Senedd enquiry with several representatives giving evidence. Clare explained that the team are now collecting data on housing valuations and market insights and will use this to inform decisions made for new band structures, and tax rates which will be addressed in phase two of the consultation in late 2023.
6. Clare provided the timeline up to 2025 for the council tax reform to be implemented, using valuations from 2023 as a two-year delay in standard council tax adjustments. Also provided was a link to the inquiry into council tax reform in the Senedd ([Agenda for Local Government and Housing Committee on Thursday, 1 December 2022, 08.45 \(senedd.wales\)](#)).
7. Jon Rae thanked Clare and agreed that some leaders provided evidence in the enquiry. Jon questioned the reliability of Valuation Office Agency (VOA) which is the agency being used to collect and analyse the data and valuations for this work. Clare agreed that the reputation of VOA is not ideal but ensured the group that the VOA are transforming the way they work and moving to an automated valuation system that works in a similar way to Zoopla or Rightmove, with more robust and in depth input than these sites from surveyors and other professionals. Furthering this point the VOA will gain international accreditation and will become world leading in valuation, the Welsh Government being the first to use the new system for council tax reform. Clare does agree though that the VOA and council tax reform team do need to work to educate stake holders of these changes.
8. Jon Rae has meeting with finance officials on 6<sup>th</sup> April, and highlighted it is unusual for an official to go to meetings with elected officials but would appreciate

## ***Distribution Sub-Group (2023) Minutes – 28 March 2023***

a meeting or pre-meet with Clare, Deborah, and Ben to give clarity on this. Clare thanked Jon for his input and asked DSG for recommendations, and feedback from phase two consultation, to share papers alongside this work.

### **Action – Continued updates on Council Tax Reform**

#### **Item 3: Minutes and matters arising from the previous meeting (31 January 2023)**

9. There were no comments on the accuracy of the minutes from the last DSG meeting which were agreed.
10. Actions arising from the previous meeting had been completed or carried forward where relevant.
11. Judith acknowledged that the sharing of papers had been discussed at SWT and that this action could be marked as resolved. The resolution being that more actions will be taken to advise which papers cannot be shared but assume unless stated, they can be shared. Jon Rae suggested that restricted access to DSG papers may cause worries from others as they feel information is being kept from them. Judith agreed that this can be discussed further later.
12. Jon Rae apologised for not forwarding email from Marc in Anglesey, about the way the SSA control totals are calculated. Jon will send this email through to James and Tim. James will look at this, and whether it can be something expanded in the Greenbook, as this is mentioned a lot by the minister.

#### **Item 4: Oral item – Free School Meal (FSM) update and discussion**

##### **a) UPFSM and maintaining the indicator**

13. Ella Davidoff discussed efforts to preserve the FSM identifier. Local Authorities should be able to fund FSM through school budgets, new pupils would have their meals funded by Welsh Government. Ella explained the teams current work with LAs when rolling out UPFSM, to continue FSM applications and for checking eligibility as this is used in the settlement and other areas as an indicator for deprivation.
14. Ella explained that no single consistent system is used throughout Wales. Some local authorities are running pupil details through an eligibility identifier, but most are using pre-existing methods of discussing with families. Ella and the team are trying to maintain the indicator for legislation as well as deprivation uses.
15. Nicola Richards explained that UPFSM was initially rolled out in September 2022. The group have met with local authorities since then and schools who anecdotally suggest that applications for FSM and the accompanying benefits have increased. However, they are awaiting PLASC data to confirm this.
16. Jon Rae queried when PLASC data will be published. The Education team confirmed that they will receive the data in April, but it will be published in May. Jon reiterated the importance of the FSM indicator as it is responsible for a

## ***Distribution Sub-Group (2023) Minutes – 28 March 2023***

significant proportion of the distribution within the settlement. Therefore, the volatility of the data as the universal roll out continues should be monitored.

17. Ella confirmed she is pleased with the anecdotal information that the application rate has not dropped and that this is due to the other benefits that families receive alongside FSM, including holiday pay etc. Ella also confirmed that the same process is being carried out in England and they are facing the same issues.
18. Barrie Davies agreed that the anecdotal data was encouraging. Barrie queried if local authorities are managing these applications in different timeframes and if there is management in place for the disparities the differing time frames may cause. Ella restates that it is a huge job to encourage and educate local authorities, schools, and parents on the importance of maintaining these applications.
19. Ella also highlighted the approach in England of allowing teachers to put in applications on behalf of the children, noting that the team is looking into whether this would also be possible in Wales.
20. Leah Whitty noted there is also a difference between local authorities as to what the access point for applications is (catering or benefits department or other). And that having a common approach to Welsh administered benefits would be beneficial to this indicator as well as others.

### **b) TP recording**

21. Gavin Elias discussed transitional protection (TP) and how this works with the mechanics of PLASC data collection. TP was introduced with the roll out of universal credit and has run since 2019 (Until 2023), TP is applied to all who are applicable for FSM.
22. Gavin noted that anecdotally, no alarming data has been found, and there is a potential that some schools are tweaking PLASC data around census day due to issues with local systems. However, this has not been seen to have an affect on PLASC data but should be noted.
23. Gavin also highlighted the potential inflation of FSM data as once learners become TP schools/local authorities don't always retest means to check if learners are still TP. It is written into legislation that it is local authorities' responsibility to maintain accurate records of TP within their authority. This means retesting means for all TP learners regularly. This can be done using ECS. However, Gavin noted that there is a lack of incentive for local authorities to retest regularly.
24. Gavin and team are looking into which local authorities are retesting TP children and how often they are doing this. Ella has also had correspondence from some local authorities expressing that they are rechecking this, but believe other authorities are not. And that there is incentive from the LAs to audit which LAs are rechecking and how often to create a standard for all LAs. This will also help to retain the integrity of the FSM indicator. Gavin reiterates that in 2019 guidelines were provided on the responsibility to recheck, but it may need to be recirculated.

## ***Distribution Sub-Group (2023) Minutes – 28 March 2023***

25. Judith appreciated that local authorities are busy, and this can slip off the radar, but it would be useful to have consistencies in data. Barrie Davies agreed that these inconsistencies should be investigated, as the percentage of TP vary from 1% to 28% and this is a clear issue in consistency and reiterated the earlier point that this data influences a significant proportion of the settlement distribution.
26. Ella reiterates that there are some service issues, but this does need investigating. Gavin agreed that there should be a strengthening of messaging about this. And local authorities updating data to reflect local services, as this would be a GDPR issue. Judith asked for the timescale for an update, Ella will update Judith offline.
27. Leah Whitty queried if there are any trends for the local authority department responsible for retesting TP. Leah gave the suggestion that if it is the benefits department, they are more likely to be aware of the changes in learners circumstances, but catering departments may not be so easily updated without parents coming forwards with changes in circumstances. Leah and Nicola will raise this issue.
28. Barrie Davies and Sam Sullivan queried if this can this be done centrally through Welsh Government checking directly with ECS. Welsh Government can access data after application has been made. But this has not been investigated as this application could previously only be made by parents. Barrie queried if this is not an option then this should be pushed back to Local authorities.
29. Leah highlighted from previous discussion that the frequency of checks is different between Local authorities but is confident that all local authorities should recheck TP. And that this is updated in time for RSG distribution and PLASC data. Gavin also highlighted, that it is in the schools' legislative responsibility that this data is also kept up to date.

### **c) Future deprivation measure**

30. Sarah Angel discussed the wide range of uses of FSM data and impact of any changes made to this data. Sarah explained that there are lots of known uses of this data but lots of things we don't know about how this data's uses. Sarah and team are researching and reviewing the different stakeholders using the data and their purposes and needs from the data.
31. Following the research, a model will be created on what might suit each different need. This will take place over the coming year in a phased action and will adapt to the findings in later phases. Sarah will keep DSG updated and speak to members of DSG on their use of the data.
32. Jon Rae discussed the importance of FSM data in financial distribution, and this data is being used on so many levels. Jon explained that the uses are important as the data itself and that it may be more appropriate to use different datasets to feed into the indicator. Barrie Davies queried that as a measure of deprivation, is there correlation between this and other datasets. Sarah will continue to update the group following the research.

**Item 5: Paper 4 – Post-16 Specialist Placements Phasing**

33. Jon Rae invited Sharon Davies the head of education at WLGA. Hannah Wharf gave the context of the item to DSG. Eleri Davies discussed the work and policy currently in place and the goal for post-16 specialist placement funding.
34. Eleri discussed that Post-16 Specialist Placements Phasing has been brought to the group in 2018 and 2019. There is a gradual movement of post-16 learners funding to the settlement over the next few years. Eleri explained that applications for the funding for post-16 learners' placements in independent colleges used to go directly to minister.
35. Over the next two years applications and funding will move to local authorities through the settlement. Reasons for changing this is to enhance local authorities input as they often work closer with these specialist placement students. The risks of this movement are that there are certain local authorities that currently have a larger number of learners and through this change in funding will receive less. However, discussions are ongoing with these local authorities to understand their increased numbers of post-16 ALN students.
36. James Koe thanked Eleri and Hannah for their help and explained the analysis within the paper. Option one uses an exemplification on the 2023-24 settlement to phase the transfer over 4yrs in 25% increments. This option shows a volatile change in the funding although it is dampened slightly by the redistribution.
37. Jon Rae thanked Eleri for the background information and agreed that there must be underlying reasons for some local authorities having such high numbers of post-16 ALN learners. Hannah confirmed that they are having direct discussions with these local authorities (Wrexham, Flintshire, and others) and so far, the anecdotal reasoning is that these areas have incredibly good placement providers that encourage parent demand for places in these independent colleges in these areas.
38. The team have also investigated the local provisions in local authorities with smaller numbers of these placements and it could be due to there being a lack of capabilities in local providers. Eleri also agreed that this is a hugely complex issue, and they are working with local authorities to unpick this in the current consultations.
39. Jonathan Davies suggested that there is an element of net demand within the system. And is conscious that if locally there is not an inhouse provision or access to independent provisions some local authorities or individuals rely on national relationships and resources. Jonathan highlighted that we must work to understand the reasons for the disparity.
40. James presented option two which phases the transfer over 4yrs in 25% increments from funding for specialist placements to the settlement formula but uses the latest 5year average. This option dampens the financial volatility more than option one but there are still large fluctuations.
41. Option three works similarly to option two but uses a 5year average of the drop off rate, which is the number of placements that end prematurely. The end of the paper summarised a formula transition for the future settlement. All options show

## ***Distribution Sub-Group (2023) Minutes – 28 March 2023***

that some local authorities are likely to receive less funding which may result in some placements being denied. Eventually there would need to be an adjustment to the special education indicator to represent the new population of post-16 placements being added in.

42. Jon Rae agreed that the aim of DSG today is not for a decision but found the paper helpful. Jon suggested that the longer the phasing the better to dampen the fluctuation the most. Jon suggested that option two and three are preferable. Jon also queried would the formula create fluctuations. Also queried was if any of the difficulties faced previously when brought to DSG had been resolved.
43. Hannah agreed that finance and ADEW members need to be brought in on this and confirmed that they are awaiting meetings with ADEW finance which should give further insight. But confirmed that this can't be put off and will be brought back to DSG in May for a clearer decision on this. Hannah thanked Jon for input that phasing is preferred. Judith thanked Hannah and mentioned that this should also be flagged to FSG.
44. Sharon asked if discussions have started with ADEW finance. Hannah and Eleri have meetings booked in between April and June. This may push the DSG decision back to June. Eleri would prefer to make this decision sooner to give local authorities more time to come to terms with these changes. Jon highlighted that this is busy work for Hannah and Eleri and possibly easier to invite education finance people to the next DSG.

### **Item 6: Any other Business**

#### **a) Sparsity indicators data workshop (June/July/September – Hybrid session)**

45. James Koe discussed the potential to hold a hybrid workshop in June/July/September and asked who would be interested in this (Cardiff or Mid-Wales?). James confirmed that GIS colleagues could be invited to talk about sparsity data. And the local government settlement team can discuss ongoing analysis as well as other DSG agenda items.
46. Jon Rae thought a hybrid meeting may be a useful idea. Dewi Aeron Morgan raised that the meeting on 27<sup>th</sup> June clashes with a conference in London so people may be unable to attend. Jon agreed that is a busy week with SWT development. Judith suggested that the local government settlement team investigate new dates and locations and circulate options to DSG.

#### **b) Green Book 2023-24**

47. James Koe highlighted that the 2023-24 Greenbook is published and can be accessed on the usual page.

#### **c) Grant de-hypothecation**

48. Judith Cole explained that there is a long-standing proposition to de-hypothecated several grants. Judith explained that DSG will become busier with decisions on de-hypothecating grants. This action needs input from local authorities that isn't just portfolio specific. Jon Rae agreed that this needs more input from DSG, as

## ***Distribution Sub-Group (2023) Minutes – 28 March 2023***

discussed at end of last calendar year. Jon also highlighted the work Barrie Davies has done on education grants and explained that this work would need a more focused approach.

**Action – Local government settlement team and locations for hybrid workshop in June/July/September.**

### **Dates and venues of next meetings**

#### **Proposed Dates**

- 16 May 2023 - Teams (Likely to include an update on)
- June/July/September 2023 – Hybrid/workshop?
- 14 September 2023 - Teams
- 14 November 2023 - Teams

#### Actions Outstanding

	<b>Action</b>	<b>Owner</b>	<b>Date raised</b>	<b>Date completed</b>
1	WG settlement team to look at correlations between data sets, particularly FSM and benefits, and provide analysis	WG Settlement team	15/11/2022	Ongoing
2	Add school funding formula, at settlement level and LA level to the work programme for future review re variable, stepped and fixed costs.	WG settlement team	15/11/2022	Ongoing
3	Present Components of Change paper to SWT	WG settlement team	31/01/2023	June/July
4	Look into and circulate dates and locations for hybrid workshop.	WG Settlement team	28/03/2023	
5	Continued updates on Council Tax Reform	WG Local Government Finance Reform and Settlement team	28/03/2023	Ongoing throughout DSG meetings

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