

Distribution Sub Group (2024) – Work Programme 2024

Draft Distribution Sub Group Work Programme 2024

The work programme for 2024 is in two parts covering the short-term and strategic considerations in relation to the development of the formula. The first section considers those items that have been identified as needing to be considered in order to ensure future settlements (2025-26 and 2026-27) to take account of issues impacting. The second section considers more strategic aspects of the current formula which it is recommended are reviewed over a longer timescale to ensure the formula is continually improving and remains relevant and fit for purpose.

Each consideration has been assigned a prioritisation category. All standard elements will be given top priority as they need to be completed this year. The remaining elements have been prioritised according to the agreed importance in the development of the Settlement formula. An element may be high priority but have a longer timeframe – this may be due to the time taken to make the change or because relevant information to inform the change is not yet available.

The timeframe may change based on decisions regarding council tax reform.

Shorter Term Considerations

Priority:

1: Standard items that will take top priority and will be completed this year.

2: Areas that will be high priority.

3: Areas which will have lower priority.

Priority	Item	Description	Action	Planned timeframe for completion (incl milestones)
1.	Population data for future settlements	<p>DSG agreed to use the most up to date population data for the 2024-25 settlement (Mid-Year 2022 Population Estimates).</p> <p>2025-26 settlement investigate financial implications of:</p> <ul style="list-style-type: none"> - Mid-2023 Population estimates. - 2021 based Sub-national Population projections for the year 2025. <p>Release Schedule (Population)</p> <p>Mid-2023 population estimates (Summer 2024)</p> <p>Sub National population projections 2021 based (Winter 2024)</p>	<p>Continue to work with KAS population & census statisticians to plan way forward. Produce analysis on Mid-2023 population estimates and 2021 based and Sub National population projections.</p>	<p>Autumn 2024:</p> <p>DSG will be presented with options in September/October for the 2025-26 settlement.</p>

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3.	Housing Benefit dataset	Decision made by DSG to freeze this dataset, due to the impact of the roll-out of Universal credit.	Continue to assess potential replacements for this indicator in the longer term. In the shorter term, will also need to consider how the transfer of housing grants (expected in 2025-26) will be distributed.	2026/27 Settlement.
3.	Youth service funding	An independent review was requested by the interim Youth Work Board	Consider the implications of the independent review.	2026/27 Settlement
1	Post-16 Learning Difficulties and/or Disabilities Specialist Placements	Consideration is being given to changing the arrangements for Post-16 Learning Difficulties and/or Disabilities Specialist Placements. These considerations follow on from the proposals for a new statutory framework for supporting children and young people with additional learning needs (ALN) contained in the ALN and Education Tribunal Bill which was introduced into the National Assembly for Wales on 12 December 2016.	Progress on this area is linked to on-going work by policy colleagues. We will prioritise any work required by colleagues to inform decisions on funding.	Ongoing

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1	Potential transfers into and/or out of the settlement	<p>To consider other potential transfers into the settlement at the appropriate juncture. This includes any transfers as a result of the grant rationalisation programme of work.</p> <p>Any grants identified to move to RSG in 24-25 were done so on existing distributions – these need to be reviewed for the 25-26 settlement. Further grants may be identified as part of the ongoing work during 24-25 for transfer into the 25-26 settlement.</p>	<p>Monitor situation with policy. Prioritise significant transfers. Consider additional resource if necessary to complete.</p>	<p>Autumn 2024:</p> <ul style="list-style-type: none"> • decisions on distribution of grants transferred in 24-25; and • decisions on any additional grants to be transferred into the 2025-26 Settlement
1	Advice on the distribution of specific grant funding on an ad hoc basis	<p>To consider the distributional aspects of specific grant schemes, as appropriate, on a timely basis and in line with the Welsh Government guidance on grants.</p>	<p>Monitor situation with policy. DSG requested greater involvement .</p>	<p>Ongoing</p>

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	Annual standing papers			
1	PLASC data updates, including e-FSM data.	An annual standing paper looking at the implications of updating the PLASC data in the settlement formula on the distribution to authorities. A paper looking at the implications of updating the e-FSM (and TP) data in the settlement formula on the distribution to authorities.	Analysis will be presented at DSG September or November	Autumn 2024
1	RO/RA data updates	An annual standing paper looking at the implications of updating the RO and RA data in the settlement formula on the distribution to authorities.	Analysis will be presented at DSG September or November	Autumn 2024
1	DSG Progress Report - interim	A report of the progress of the DSG against the 2024 work programme up to September 2024, for presentation at the Finance Sub Group (FSG) meeting in October.	Analysis will be presented at DSG September and November. Analysis will be presented at FSG in October	September 2024
1	DSG Progress Report – final	The final report of the DSG to be signed off by the Finance Sub Group (FSG) in autumn 2024.	Finance Sub Group (FSG) October and report finalised November.	Autumn 2024

Strategic Considerations

Priority	Item	Description	Action	Timing
TBD	Work related to Local Government Tax Reform	<p>Consider the work on local government tax reform and the impact this could have on the Settlement, including:</p> <ul style="list-style-type: none"> • Council Tax Reduction Scheme: consider options for the payment of CTRS for year 1 onwards of the reform. • Notional Council Tax: consider whether the current approach to determining the notional CT within the Settlement model needs changing in light of council tax reform. • Transition: consider how any options for transition may impact the Settlement calculations. • Future Proofing: consider how we can build future-proofing into the Settlement formula to reflect future re-valuations. 	<p>Ensure DSG are engaged at the appropriate times and aware of any developments from LGFR.</p> <p>Consider issues arising including re-distributional impacts, any phasing etc.</p>	<p>Timeline and priority to be determined the way forward on tax reform is clear.</p>
1 (although may change depending on timing of CT reform)	Monitor the work to identify alternative datasets for a proxy deprivation indicator in place of eFSM.	Monitor the data and distributional implications arising from all primary school pupils being eligible for FSM, due to potential impact on quality of the indicator for future settlements. 2024-25 used an average of eFSM and TP	Continue close contact with policy team through working group.	Will be aligned to the outcomes of the Welsh Government's e-FSM policy group.

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		pupils for the years 2021, 2022 and 2023 as agreed through DSG.		
2	Welfare Reform	As benefit-related data are key components of the settlement, there is a continued need for the DSG to monitor the emerging impact of welfare reform on the data used in the formula.	We need to assess the current indicators (frozen and unfrozen) to ensure these still reflect a fair and balanced distributional mechanism, given the implications of the changes to the UK Government welfare system.	Work expected to be delayed until 2026/27 Settlement.
1 (although may change depending on timing of CT reform)	Continue review of the Census 1991 indicators that include Sparsity and Dispersion: 1. Recalibration of the Nursery and Primary Schools Formula	Following the data workshop in September 2023 the actions were <ul style="list-style-type: none"> - GIS expertise to liaise with ONS to further understand the methodology of the new settlement threshold data within the context of Wales' topography and pass understanding to DSG. - Settlement team to continue this work and keep DSG updated with progress and findings. The need for additional staffing/ resources will also need to be considered further. 	Officials to consider the impact of updates from the Census 1991 data to the Census 2021 data, recalibrating the weightings for the Nursery and Primary Schools IBA , to ensure they reflect the best measure of the need to spend.	Analysis to be presented at DSG*: <ul style="list-style-type: none"> - 21/05/24 - 04/07/24 - 19/09/24

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		<ul style="list-style-type: none"> - Settlement team will investigate several settlement threshold options within the 2021 census settlement data. This is due to small margins between the regression analysis for suitability of settlement thresholds smaller than 10,000 individuals. <p>Current Formula:</p> <p>Weight: Indicator:</p> <p>0.815 x Primary school pupils and modelled nursery school pupils</p> <p>0.098 x Settlement threshold 1,000</p> <p>0.087 x Primary school pupils eligible for free school meals</p>		
<p>1 (although may change depending on timing of CT reform)</p>	<p>Continue review of the Census 1991 indicators that include Sparsity and Dispersion:</p> <p>2. Recalibration of the Older adults' Residential and Domiciliary care Formula</p>	<p>DSG were presented with the following paper: 2023-06-08 - Distribution Sub Group (DSG) - Paper 07 - 2021 Census datasets</p> <p>This showed an exemplification of the Census datasets.</p> <ul style="list-style-type: none"> - Pensioners living alone in households (2023) - Pensioners with a limiting long-term illness (2023) <p>Current Formula:</p>	<p>Officials to exemplify the impact of using different population age bands.</p> <p>Officials to consider the impact of updates from the Census 2001 data to the Census 2021 data, recalibrating the weightings for the Older adults' Residential and</p>	<p>Analysis to be presented at DSG*:</p> <ul style="list-style-type: none"> - 21/05/24 - 04/07/24 - 19/09/24

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		<p>Weight:</p> <p>0.320 x Pensioners with limiting long-term illness</p> <p>0.303 x Pensioners living alone in households</p> <p>0.202 x Population aged 85 and over</p> <p>0.146 x Pension credit claimants aged 65 and over</p> <p>0.016 x Dispersion threshold 300 (2001)</p> <p>0.013 x Dispersion threshold 7,500 (2001)</p>	<p>Indicator:</p> <p>Domiciliary care IBA, to ensure they reflect the best measure of the need to spend.</p>	
<p>2 (although may change depending on timing of CT reform)</p>	<p>2021 Census data:</p>	<p>To consider update of the Census data in the settlement with 2021 Census data published from Spring 2023 onwards. Aggregated Wales Census topic summary statistics are available as well as an interactive map. More detailed analysis broken down by LA, age and other characteristics will be released during 2023 and 2024.</p> <p>Release Schedule (Datasets used in settlement):</p> <ul style="list-style-type: none"> - Adults aged 18 to 64 in non-white ethnic groups (Early 2023). - Dependent children in households where head is in a 	<p>Initially, we will look at the impact of updating the census indicators related to the 'Recalibration of the older adults' Residential and Domiciliary care Formula' – see above.</p>	<p>Analysis to be presented at DSG*:</p> <ul style="list-style-type: none"> - 21/05/24 - 04/07/24 - 19/09/24

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Priority	Item	Description	Action	Timing
		<p><u>low occupational classification. (2023)</u></p> <ul style="list-style-type: none"> - <u>Dependent children in lone adult households (2023)</u> - <u>Dependent children in overcrowded housing (2023)</u> - <u>Dependent children in social rented housing (2023)</u> - <u>Households where head is aged 18 to 64 with no carer (2023)</u> - <u>Pensioners living alone in households (2023)</u> - <u>Pensioners with a limiting long-term illness (2023)</u> - <u>Population aged under 18 in wards with weighted density greater than the Welsh average (Early 2023)</u> 		

*Milestones may change depending on the timeline of local government tax reform.