

**DISTRIBUTION SUB-GROUP (DSG)**

**Minutes of meeting held on 08 June 2023 via Microsoft Teams**

**Welsh Government (WG)**

Judith Cole (Chair)  
Emma Smith  
Andrea Melvin  
James Koe  
Freya Gregory  
Eleri Davies (Education)

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

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)  
Chris Llewelyn (WLGA)  
Nathan Gardner (WLGA)

**Independent members**

Chris Barton (Independent)

**Apologies**

Huw Jones (Neath Port Talbot)  
Steve Gadd (Denbighshire)  
Jon Rae (WLGA)  
Guto Ifan (Independent)  
Ian Allwood (Cardiff)  
Dr Dennis de Widt (Independent)

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

1. Judith welcomed the group to the meeting, recorded apologies and introductions were made for the benefit of new members and attendees. Andrea Melvin was welcomed to her first meeting.

**Item 2: Minutes and matters arising from the previous meeting (28 March 2023)**

2. There were no comments on the accuracy of the minutes from the last DSG meeting which were agreed. However, a change was made on the minutes to signify that Chris Barton is an independent representative on DSG. Nathan Gardner requested further clarity on the sharing of DSG papers on behalf of Jon Rae. This is discussed in item 5.

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3. Actions arising from the previous meeting had been completed or carried forward where relevant.

### **Item 3: Oral item – Post-16 Specialist placements funding update**

4. Eleri Davies gave an update on Post-16 Specialist Placement funding following on from the presentation at the last DSG on the distribution of Post-16 Specialist Placements funding after the ALN act. The education team has spoken with ADEW, ADEW-inclusion, the ALN National Steering Board and various Local Authorities (LAs) who would be in line to receive more or less funding if the current formula were to be used to include this funding in the RSG.
5. Contradictory feedback was received, as challenges faced by some LAs were seen as benefits in others. The demand for placements in independent specialist colleges varied and appeared to be influenced by accessibility and visibility, and border authorities having access to more independent specialist colleges. Those further west had developed alternative pathways. Discussions in these discussions also turned to the distribution and whether there was a need to transfer the funding and whether alternatives such as a grant could be considered, could the funding be ringfenced. Queries were also raised on the flexibility of the funding and the formula itself.
6. The education team has discussed with the Minister for Education and Welsh Language, who wished to the timescale for decisions to allow meaningful discussions to continue, whilst looking for mitigations to minimise the negative impacts on learners. The Minister also wished to consider in the context of the discussions on grants as part of the Programme for Government commitment to reduce administrative burdens for local authorities.
7. Eleri opened to the group for queries and questions. Jonathan Davies gave thanks for the update and questioned through which forums further discussion would take place and what solutions these avenues aim to provide, as there will always be mixed opinions. Eleri confirmed that discussions with ADEW and the Minister are still relatively new so these will progress. The team are also looking at past suggestions and revisiting their viability.
8. Chris Llewelyn highlighted the difficulty with balancing professional and political views, as elected members like to see as much funding put into the settlement as possible.
9. Barrie Davies, queried if there is any update on the budget, will this be impacted by the distribution method is chosen. Eleri confirmed that the budget is around £14 million and has been stable for a number of years. Although there has been no discussion around the quantum, the team are happy to use this figure due to its stability when based on a demand approach to funding.

### **Item 4: Paper 5 – Population data for the 2024-25 Settlement**

10. James Koe summarised the plans for population data to be used in the 2024-25 settlement. For the 2023-24 settlement an average of population projections for the 2023 and census 2021 population data was used.

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11. **Two options** were presented to the group. **Option one** – use the 2021 Census population data, this in effect continues the financial dampening impacts of transitioning to using the latest available population data. **Option two** – use the mid-2021 population estimates, this considers the population as at June within the year 2021 and considers the impacts of datasets such as migration data.
12. The group was also notified of a third option based on mid-2022 population estimates which will be published in the Autumn. The discussion today aimed to give an illustration of what the data and distribution currently looks like. The group will be presented with all options at DSG in September/November to make a final decision.
13. Chris Barton reminded the group that the principles adopted by DSG and FSG included the use of the latest possible data where possible. Barrie Davies agreed and queried when the projections based on the 2021 census will be available. This data should be available in spring 2024, so the 2024-25 is a bridge year before we use the latest population projections data.
14. Judith concluded that the paper is useful at this stage to give us a good indication of the financial impact. It was generally agreed that we should aim to use the latest available data. James also noted that ONS may revise mid-2021 population estimates in the summer, DSG will be notified when this happens.

### **Item 5: Paper 6 – Measuring Sparsity within the Settlement: Settlement Thresholds – Background, Principles and Initial Steps**

15. James Koe summarised paper 6 and informed the group of a data workshop planned for September. James explained that the aim was to update the sparsity indicators, in particular the settlement threshold indicators ready for the 2025-26 settlement and beyond.
16. The paper summarises the development of Settlement Threshold Indicators that had been produced by GIS expertise using the 2011 Census data. Also summarised are definitions as well as the strengths and limitations of the methodology incorporated by Welsh Government officials. The group were also informed that Welsh Government officials are currently in the process of developing updated Settlement Threshold Indicators using the 2021 Census data.
17. The data workshop planned for September will consist of a presentation by GIS colleagues to explain the Settlement Threshold Indicator methodology. The group were advised that currently the settlement uses 8 different sparsity indicators based on 1991 Census data and 2 different sparsity indicators based on 2001 Census data.
18. The amount of SSA distributed on the sparsity indicators is currently around £409 million (5.54% of the total SSA), of which £129m is within the Nursery and primary Schools IBA (1.74% of the total SSA). Hence as an initial starting point the group were advised that this IBA could form the initial test for the recalibration work based on the latest sparsity data. It was noted that this will be on the agenda for the data workshop planned for September. The group were advised that work had been carried out in 2014 using the current settlement threshold

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indicator data from the 2011 Census, however no decisions were made at the time.

19. Jonathan Davies highlighted the importance of this work, but also the need for it to be more easily kept up to date in the future to reduce the risk of the settlement becoming decades out of date again. Jonathan also queried when will rural forum and policy colleagues be engaged in this work.
20. Chris Barton queried the wording of some of the paper in paragraph 21 the 'Main weaknesses' section was imprecise and needed to be revised. James and Judith will review the wording and ensure it is accurate for the file and for subsequent sharing more widely.
21. Carys Lord queried the next steps after workshop, when would these updates be incorporated in the settlement. James explained that following the data workshop the impacts of the update will be presented through an exemplification on the 2023-24 settlement. Options will then be presented to DSG and FSG where we could also consider phasing options to dampen financial impacts. If agreed and taken forward it will likely be applied to the 2025-26 settlement. However, it should be noted that this is only the impact of recalibrating one service IBA off the back of the latest sparsity data. Hence other service IBAs will still be using the older data.
22. Judith also forewarned that there are many distribution updates planned for the 2025-26 settlement including the council tax reform work. DSG members noted the need to engage the LA rural forum and policy colleagues as their insight may help when presenting these updates to FSG.
23. Jane Thomas raised the confidentiality of this work, as it would be helpful to engage other officers in local authorities when discussing this work to have a fully informed discussion at the workshop. However, Jane was mindful of the political impact of this and sought clarification on the boundaries of the papers circulated.
24. The group discussed and agreed that where appropriate items on DSG agendas can be discussed with other officers prior to DSG, to gain a greater understanding which will aid discussion within the meeting. This can involve conscious sharing of partial papers where DSG members feel it is appropriate. DSG papers that contain unpublished data that cannot be shared will be flagged on distribution. James confirmed data used in the Census and Population papers in this meeting are already in the public domain.
25. Most DSG members in attendance confirmed Wednesday 6<sup>th</sup> September 2023 as a good date for the workshop, this will be circulated to members not in attendance for confirmation. The workshop will be held in Cathays Park, for ease of the GIS experts in attendance. The workshop will be hybrid, but members are encouraged to attend in person where possible.

***Action – Settlement team will reassess wording of paragraph 21 in paper 6 for clarity.***

***Action – Settlement team will circulate Wednesday 6<sup>th</sup> September 2023 as provisional date for workshop.***

**Item 6: Paper 7 – 2021 Census Datasets**

26. James Koe summarised paper 7 noting the caveat that the analysis produced is for information purposes only and that the data has been produced to the best of the settlement team's knowledge and is subject to quality assurance. It was also advised that recalibration of weightings would be required for this work to be taken forward.
27. The paper demonstrates the trends and variability across the seven out of the nine available Census indicators used within the settlement. The group were advised that the Census Indicators contribute towards the Primary and Social Care Formula. James discussed the various distributional impacts of using the 2021 census data in the settlement, noting the effects if the data were to just be inserted into the settlement.
28. It was noted that the paper has a significant amount of information and tables only to inform at this stage. Any distributional impacts should not be counted as a true representation of the financial impacts as the PSS formula would have to be recalibrated considering the new data and latest PSS expenditure.
29. The group discussed ways forward off the back of this first step of analysis and confirmed that the sparsity indicators are the focus at the moment. However, the group were advised of the analysis required as a possible future update to the settlement.
30. Chris Barton questioned the information provided in paragraph 17 referring to stock transfers and the definition of dependent children in socially rented housing. James will check this and circulate any updates.
31. Jonathan Davies queried why 2011 Census data was not used when it became available. Judith confirmed that the analysis was done, and the collective decision was made during a period of falling budgets. As a result the change in distribution wasn't not regarded as acceptable. Judith will look for FSG notes that may clarify this decision. Barrie Davies cautions that careful management of this update is required as the churn caused for some local authorities could be harmful.
32. Chris Llewelyn agreed with Judith's depiction of the decisions made around the 2011 census data and noted that unexpectedly circumstances now are not too dissimilar from 2011. Chris agreed with Barrie, that serious considerations must be made for the turbulence this update may cause for local authorities already struggling to balance budgets. But agreed that there should be a move towards using the most up to date data.
33. Judith confirmed that the reputation of formula is important, and therefore using the most recent data should be the aim, but the utilisation of phasing and floors could help local authorities navigate any turbulence.

***Action – Settlement team to check the accuracy of wording in paragraph 17 in paper 7.***

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***Action – Judith will look for FSG notes on the use of the 2011 census data in the settlement and circulate any findings to the group.***

### **Item 7: Oral Item – Data workshop planning and discussion**

34. Discussed in item 5.

### **Item 8: Any Other Business**

35. James has been informed by education colleagues that following the recent PLASC validation period that ended on 5 May 2023, analysis of the data has raised some concerns relating to the Free School Meal Eligibility (eFSM) and Free School Meal Transitional Protection (TP) data.
36. As a result, a second validation period for the PLASC 2023 data will take place, closing on Friday 30 June 2023. This validation period will specifically focus on ensuring the accuracy of the eFSM and TP data. Analysis on the eFSM indicator will be presented at the September DSG.
37. Barrie Davies noted that the second validation is helpful. Barrie queried the possibility for S152 officers to be included in the email distribution for the second validation of FSM and TP data as it impacts a lot of money within the settlement distribution. James confirmed that S152 officers will be included in the distribution email on the second PLASC validation.

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

- a) The future dates of meetings are as follows to take place via MS Teams, until further notice:

### **Proposed Dates**

#### **06 September 2023 – Data Workshop – Cardiff Cathays Park (Provisional)**

- Local Government Settlement Formula presentation
- Deriving the Settlement Threshold Indicators based on the latest Census
- Data Trawl: Datasets used 2024-25 settlement and beyond
- Recalibrating the Nursery and Primary School Services IBA
- DSG Forward work Plan

#### **14 September 2023 – Teams**

- PLASC 2023 on 2024-25 Settlement
- eFSM 2023 on 2024-25 Settlement
- Unfreezing datasets (tourism and Traffic) data on 2024-25 Settlement
- Updating the RA for the 2024-25 Settlement
- Updating the RO for the 2024-25 Settlement
- Pool Rate for the 2024-25 Settlement

#### **14 November 2023 – Teams**

- Population data for the 2024-25 Settlement
- Council Tax Reform Analysis based on the 2023-24 Settlement

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- DSG Progress Report 2023

**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
5	Continued updates on Council Tax Reform	WG Local Government Finance Reform and Settlement team	28/03/2023	Ongoing throughout DSG meetings
6	Assess wording of paragraph 21 in paper 6 for clarity.	WG settlement team	08/06/2023	Ongoing
7	Circulate 6th September 2023 as provisional date for workshop.	WG settlement team	08/06/2023	
8	Check the accuracy of wording in paragraph 17 in paper 7.	WG settlement team	08/06/2023	Ongoing
9	Look for FSG notes on the use of the 2011 census data in the settlement and circulate any findings to the group.	WG settlement team	08/06/2023	Ongoing

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