

DISTRIBUTION SUB-GROUP (DSG)

Minutes of meeting held on 31 January 2023 via Microsoft Teams

Welsh Government (WG)

Judith Cole (Chair)

Tim Evans

James Koe

Freya Gregory

Welsh Local Government Association (WLGA/ LA)

Jon Rae (WLGA)

Jane Thomas (Powys)

Huw Jones (Neath Port Talbot)

Barrie Davies (Rhondda Cynon Taf)

Dewi Aeron Morgan (Gwynedd)

Leah Whitty (WLGA)

Sam Sullivan (Data Cymru)

Jonathan Davies (Monmouthshire)

Ian Allwood (Cardiff)

Independent members

Chris Barton (Fire)

Dr Dennis de Widt (Independent)

Apologies

Carys Lord (Bridgend)

Steve Gadd (Denbighshire)

Guto Ifan (Independent)

Emma Smith (WG)

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.

Item 2: Minutes and matters arising from the previous meeting (15 November 2022)

2. There were no comments on the accuracy of the minutes from the last DSG meeting which were agreed.
3. Barrie Davies (RCT) has carried out analysis on FSM data where he found volatility within the transitionally protected FSM data. Analysis has been shared with local government settlement team and followed up with KAS colleagues. Tim confirmed data validation is carried out when data is brought in but will look at

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further analysis which can be carried out. Barrie subsequently shared his analysis with all DSG members.

4. Leah Whitty had a query outstanding with transitionally protected matters relating to FSM looking at a discrepancy in advice talking about ending traditional protection for some year groups and not others, which may have added to some discrepancies. Judith noted that it should be confirmed what the process is for retrieving data from schools and ensure everyone relevant is aware of the correct process.
5. Actions arising from the previous meeting had been completed or carried forward where relevant. It was noted that there were several action points which were covered in the papers to be presented in the meeting.

Action – Review transitionally protected FSM data collection with KAS colleagues and analysis provided by RCT.

Item 3: Paper 1 - Terms of Reference 2023

6. Welsh Government officials presented the Terms of Reference paper which is an annual item. Tim Evans explained the limited changes to last year, noting that settlement dates had moved back over last couple of years which has influenced the key milestones. A change in membership was also noted. The group were content with the terms of reference noting that milestones would need to be discussed as part of the work programme and what is achievable within the year. Also noted was the sharing of sensitive information in DSG papers before being published. Judith noted some statistical data was occasionally shared with the group before publication and care needed to be taken to respect confidentiality.

Action – Update Terms of Reference 2023 to ensure clarity on the sharing sensitive information. Share updated T.o.r. with FSG for agreement

Action – Jon Rae to follow dissemination of papers with a note indicating sensitivity of information included in work programme.

Item 4: Oral item (Open Discussion) – Provisional settlement 2023-24

7. Welsh Government officials explained the components of change paper which refers to table 8 in the provisional Settlement. Jon Rae noted the value of the Components of Change table which allowed colleagues to see the break down into each element. Jon also asked if the Components of Change paper needed to be taken into SWT or had it been taken into SWT in the past. Judith mentioned this may be helpful for widening understanding of the formula as requested by the minister. Jon Rae noted he had undertaken several presentations during the past year on the background of the formula and agreed that there should be a wider understanding of the settlement.

Action – Present Components of Change paper to SWT

Item 5: Paper 2 – SCAPE Grant for Fire and Rescue pensions

8. Welsh Government officials presented paper 2 explaining the background to the SCAPE grant for fire and rescue pensions and analysing two options. Option A takes an average of 2021 census data and the 2018 population projections for 2023 and option B uses 2018 population projections for 2023. The analysis takes the population of the local authority as a proportion of the fire and rescue service region population for each of the grant amounts for each region.
9. The group advised that option A would be consistent with the rest of the settlement by using the same population. Option B would be the same method as last year, using projected population data. Jon Rae noted that it may be more beneficial to use grant actuals, however highlighted that the financial impact will be minimal. Huw Jones questioned how representative the figures are of the increase in charge from the fire service. Chris Barton noted that the levy would be in line with the population. He thought that using Option A population data would be acceptable.
10. The group were advised that table 3 had not been updated to reflect any decisions yet. The consensus was to go with option A and use the population data used for the rest of the 2023-24 settlement for consistency. Jon queried whether there were other changes between provisional and final, Welsh Government officials explained a small increase in the distribution from changes to the top slice from the specified bodies data.

Recommendation – Take forward Option A into the 2023-24 settlement

Item 6: Oral item – Background information for standard spending assessments (Green Book) publication of tables

11. Welsh Government officials explained the challenges with accessibility within the PDF publications previously and the reasoning for switching to an excel accessible format. The new Green Book includes a short PDF with an explanation of the contents of the Greenbook and excel tables showing Service IBAs and Indicators. This format has been published for the 2022-23 settlement and 2021-22 settlements and will be completed for the 2023-24 after publication. Welsh Government officials also discussed the potential of an interactive dashboard to visually show elements of the Green Book too. Welsh government officials sought feedback and comments from the group.
12. Jon Rae thought that the changed format was a significant improvement on the old green book PDF particularly for data viewing. It was noted that the tables do not include all the existing tables and charts originally presented in the Green Book PDF though, which could potentially be covered through the interactive dashboard. The group also raised what else could potentially be missing from the publication in this current format.
13. Jon Rae questioned if the decision-making formula of how the main service blocks are determined could be included. James noted that Figure 1 in the PDF shows how the SSA, RA and RO are found. but does not provide a description of how the SSA is determined before actuals. This query had arisen after discussion

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on whether the social services SSA has been increased. Jon Rae will forward an email from Mark in Anglesey on how the main buckets are determined.

14. Chris Barton agreed that the updated format for the Greenbook is a vast improvement but says that what is missing is the value at the top that disaggregates the SSA. Dewi also queried the fluctuations for some LAs compared to last year for this year's SSA and how it works.
15. Huw Jones queried that if IBAs are driven by RAs, how does this work in regards the fire service, as it has a single line in the SSA, its own IBA and matched with Fire service Levy. Also how does it relate to the RA. Some IBAs are dealt with differently, some change to reflect actuals (e.g. National parks). It was noted that Fire is treated like any other service block with a time lag based on RAs.
16. Dr Dennis de Widt agreed with the group that this is an improvement on Greenbook with relation to the accessibility of the data. Dr de Widt asked whether this format could be further enhanced to create a time series of the data provided to look at change over time and the possibility of data visualisation to make the process more transparent. Dennis shared this link in the chat bar (<https://www.nao.org.uk/overviews/find-a-local-public-bodys-audit-report/>). James discussed the long term plans to use PowerBI to create data visualisations including time series.
17. Tim thanked James for creating this alongside the settlement – Jon Rae agreed that this was a great piece of work which should help people understand the formula more.
18. [Local government revenue and capital settlement: background information for standard spending assessments 2021 to 2022 | GOV.WALES](#)
19. [Local government revenue and capital settlement: background information for standard spending assessments 2022 to 2023 | GOV.WALES](#)

Recommendation – Long term plan to use data visualisations and time series to make year on year comparisons for elements of the Green Book.

Action – Jon Rae to forward email from Mark in Anglesey on how the main sectors are determined.

Action – Settlement team to investigate the calculation of SSA and the Fire IBA and if this is or can be published

Item 7: Paper 3 – DSG Work Programme 2023 and open discussion

20. Welsh Government officials presented the draft work programme. Also presented was a summary of datasets used within the settlement and a calendar of when dataset would be available to inform planning and prioritisation. Discussion focussed on the following:

- The need to be realistic about what could be achieved in what timescales. The workplan needed to identify the improvements which should be considered over at least the next two years, noting that final decisions rested with Finance Subgroup. Jon emphasised that the plan

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needed to be clear that updating and recalibrating formulae takes years and would not be done by October 2023. As presented, the calendar of data availability in the draft workplan was potentially misleading. Judith agreed that the plan needed to be recast on that basis.

- Whether the DSG's effort should be focussed on significant change which would be more likely to change distribution and might not be approved or smaller more incremental changes to improve the formula and might be more likely to be accepted.
- The group noted that the dated nature (based on census 1991) of the sparsity/ dispersion indicators had the potential to undermine the credibility of the formula as a whole. Jon Rae suggested it may not be possible to update the sparsity data straightforwardly. Times and means of service delivery had changed and data used in the early 2000s may no longer be relevant. Therefore, recalibrating the underlying analysis may be the only way forwards for the sparsity/dispersion data.
- The group agreed that there should be a separate workshop style meeting, potentially face to face, to discuss the longer term, strategic workplan. It was noted that the draft work programme needed to be changed to reflect this as Jon Rae suggested we should not present a work-programme which cannot be achieved to leaders.
- James noted that it would be a complex project for the local government finance team to undergo for the rest of 2023 and 2024. Tim agreed that some areas of work may need specialists to look at separate projects to work on. Jon agreed GIS expertise is needed for settlement indicators. WG officials will continue to engage with KAS colleagues with GIS expertise and include them as part of workshop discussions.
- It was noted that local tax reform would also have distributional impacts: WG Local Government finance team will work with LGFR colleagues to keep DSG informed following the timeline provided. Jon Rae discussed the potential degree of change implied and noted phase two of Council Tax Reform is a key piece of work.

21. In addition to the longer term work the Group considered the work necessary to maintain the formula by exploring the most up to date data for all indicators when it is available: Discussion covered:

22. Post-16 Learning Difficulties and/or Disabilities Specialist Placements: Ian Allwood raised that the March meeting needed to discuss both age groups 16-19 and 20-25. This has been noted and will be included as part of the paper.

23. Population data: ONS have published their mid-2021 population estimates, mid-2022 population estimates will be published during 2023. Analysis for the 2024-25 settlement will be presented at the DSG in September/November on the population estimates.

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24. Welfare reform: To look into what the indicators should be going forwards.
25. Youth services, implications of the review: dependent upon ongoing work in policy team and external review.
26. FSM data: The 2023-24 settlement used the 2022 data which was the last set of data before universal FSM rollout. Emma Smith is working with policy colleagues and will update DSG as and when appropriate with the dataset going forward.
27. Unfreezing data frozen as a result of the impact of covid 19 and associated restrictions.
28. Judith explained that work programmes and papers should not be shared until published and agreed through DSG. Tim Evans to look at clarifying confidentiality of papers presented in DSG in the Terms of Reference paper.
29. Consensus from the group was that the workshop should be undertaken soon. The group also agreed that it preferred to work as a whole and to remove the existing subgroups but bring in expertise as needed for example for a work on the dispersion settlement indicators. Judith explained the work programme will be updated to show when work is starting, but not implying when it will be finished.
30. The group noted that the WG staff resource was unlikely to be sufficient for all this work. Options to strengthen would need to be explored.

Action - Update the work programme to reflect a project for updating the 1991 Census data

Action – Organise workshop to discuss 1991 Census Dispersion and Sparsity data

Action – Discuss with GIS colleagues’ technicalities, timeframe, and resources of a formula recalibration for dispersion and settlement data

Item 8: Any Other Business

31. Ian Allwood queried if the decision on the level of the current £2.90 fee for FSM is the responsibility of DSG, Judith confirmed that the grant doesn't come under remit of the DSG.

Dates and venues of next meetings

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

Proposed Dates

- 14 March 2023
- 16 May 2023
- 27 June 2023
- June/July 2023 face to face workshop?
- 14 September 2023

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- 14 November 2023

Actions Outstanding

	Action	Owner	Date raised	Date completed
1	Source update from the FSM policy team on progress on indicator replacement work for the next DSG meeting	Emma Smith / Judith Cole	15/11/2022	Ongoing
2	WG settlement team to look at correlations between data sets, particularly FSM and benefits, and provide analysis	WG Settlement team	15/11/2022	Ongoing
3	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
4	Review transitionally protected FSM data collection with KAS colleagues and analysis provided by RCT	WG settlement team	31/01/2023	
5	Update Terms of Reference 2023 to ensure clarity on the sharing sensitive information. Share updated T.o.r. with FSG for agreement	WG settlement team	31/01/2023	
6	Jon Rae to follow dissemination of papers with a note indicating sensitivity of information included in work programme.	Jon Rae	31/01/2023	
7	Present Components of Change paper to SWT	James Koe	31/01/2023	
8	Jon Rae to forward email from Mark in Anglesey on how the main sectors are determined.	Jon Rae	31/01/2023	
9	Settlement team to investigate the calculation of SSA and the Fire IBA and if this is or can be published	WG settlement team	31/01/2023	
10	Update the work programme to reflect a project for updating the 1991 Census data	WG settlement team	31/01/2023	
11	Organise workshop to discuss 1991 Census Dispersion and Sparsity data	WG settlement team	31/01/2023	
12	Discuss with GIS colleagues' technicalities, timeframe, and	WG settlement team	31/01/2023	

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	resources of a formula recalibration for dispersion and settlement data			
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**Local Government Finance Policy and Sustainability Division
Welsh Government**