

DISTRIBUTION SUB-GROUP (DSG)

PROGRESS REPORT

November 2025

DRAFT

Introduction

1. This paper sets out the key aspects of the remit of the Distribution Sub-Group (DSG) for 2025 and the progress in delivering against it including recommendations on data for the 2026-2027 Settlement.

Action required

2. Finance Sub-Group (FSG) is asked to note progress on the work-programme overall and agree recommendations below.

Background

3. The annual revenue settlement for local government in Wales is distributed using a relative needs-based formula. DSG's remit is to ensure the formula is maintained and developed to remain up to date, relevant, and reflective of relative need to spend.
4. The statutory framework for the annual settlements is governed by the Local Government Finance Act 1988. There are well-established principles which underpin the considerations of DSG, namely:
 - Equity
 - Stability
 - Clarity
 - Relevance
5. The principle of a relative needs-based formula encompasses the selection of objective indicators of need which are prepared on a consistent basis and to consistent standards across Wales and which are resilient to the policy choices made by different authorities.

Remit for 2025

6. The main objectives of the DSG for 2025 are as follows:

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- To propose to Finance Sub-Group (FSG) an annual programme of work to develop the formula for compiling and distributing Standard Spending Assessments (SSA).
- To implement the annual DSG Work Programme, as agreed by FSG.
- To ensure all data used in the settlement are objective, robust, current and validated and are drawn from reliable, stable and representative data sources.
- To ensure data collected centrally are reviewed as part of a longer term work programme and, where appropriate, to arrange for additional data to be collected.
- To consider distributional matters arising from significant transfers, new responsibilities and all significant changes affecting the distribution of SSA.
- 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.
- To advise FSG on matters of stability and multi-year indications as appropriate.
- To prepare an annual report with recommendations for consideration by FSG.

Scope and requirements

7. In March 2025, FSG agreed the work programme of the DSG (shown at Annex D), which is broken down into short term and more strategic issues.

Progress

8. DSG has met three times since the March meeting of FSG, including an in-person meeting event on 2 July.
9. At the in-person meeting, a Scottish Government official gave a presentation on Scotland's local government funding formula. In addition, there was a discussion on plans to review the Welsh Government's funding formula.
10. A summary of the actions and proposals arising from all DSG meetings is set out below:

Shorter term progress

Population data for 2026-27 Settlement

11. The ONS has recently published the 2024 Mid-Year population estimates, and the group were presented with a paper to show the impact of this dataset on the 2025-26 Settlement.
12. The members were also informed that Welsh Government is planning on publishing its 2022 based sub-national population projections in October 2025, and if this data became available in time for the 2026-27 Settlement, DSG members would be sent a relevant exemplification to decide between two datasets for the 2026-27 settlement.

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13. The 2022 based sub-national population projections are now expected to be published in late November. As such, they won't be available in time for inclusion in the 2026-27 Settlement

Recommendation:

The group agreed to the use of the 2024 MYEs in the 2026-27 Settlement (in principle) and revisit this decision if the 2022-based sub-national projections become available in time to be included in the Settlement. As the 2022-based sub-national projections will not be available until late November, the 2024 MYEs will be used in the Settlement.

Free School Meals data for 2026-2027 Settlement

Background

15. PLASC 2025 is the third collection since the roll out of universal free school meals in primary schools (UPFSM). The PLASC guidance makes it clear that learners who are **only** eligible for FSM under the universal free school meals policy should **not** be recorded as eligible for free school meals (eFSM).

16. For the 2025-26 settlement DSG agreed to recommend a 3-year average (2022, 2023 and 2024) of those pupils recorded as eFSM or Transitionally Protected (TP) to smooth out the rollout of universal credit.

Options for 2026-27

17. The group were presented with a paper to show the latest population datasets for the 2026-27 settlement:

- i. Use the latest data 2025 PLASC data. Pupils recorded as eFSM or TP.
- ii. Use the latest 3-year average (2023, 2024 and 2025) of the PLASC data for pupils recorded as eFSM or TP. The advantage of using an average of the dataset is that it smooths out volatility.
- iii. Use the latest 4-year average (2022, 2023, 2024 and 2025) of the PLASC data for pupils recorded as eFSM or TP.
- iv. The 3-year and 4-year average options above using **only** eFSM data.

Recommendation: The group agreed to use the 3-year average of eFSM or TP data in the 2026-27 settlement.

PLASC, Revenue Account (RA) and Revenue Outturn (RO) data

18. Papers were presented to DSG members in September to show the impact of the 2025 PLASC and 2025-26 RA data on the 2025-26 settlement. A paper was presented at the November meeting to show the impact of the latest RO data, following the publication of the latest 2024-25 RO data.

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Recommendation: Use the latest 2025-26 RA data in the 2026-27 settlement.

Recommendation: Use the latest 2024-25 RO data in the 2026-27 settlement

Recommendation: Use 2025 PLASC data in the 2026-27 settlement.

Benefits Data and Council Tax Reduction Scheme (CTRS)

25. Papers were presented to DSG members in September to show the impact of the latest benefit claimants' data on the 2025-26 settlement i.e. '*Pensioner Claimants of income support*', '*Total Claimants of Income Support (IS)*', '*Jobseeker's Allowance (JSA)*', '*Pension Credit (PC)* and '*Universal Credit not in employment*', and '*Personal Independence Payment (PIP)*', '*Severe Disablement and Disability Living Allowances*'.

26. The Settlement formula currently uses average benefit claimant data across 12 quarters (the 2025-26 model used data for the period May 2021 to February 2024).

Recommendations:

The Group agreed with continuing with the approach of using an average benefit claimant data across 12 quarters from May 2022 to February 2025.

DSG members noted the impact of the latest CTRS data and agreed to use this information in the 2026-27 Settlement.

Non HRA formula

19. For the 2025-26 settlement, DSG agreed to replace two of the indicators used in the non-HRA IBA. The first of these was the 'housing benefits recipients' indicator which had been frozen since 2018 due to the roll out of Universal Credit. The second was the 'homelessness decisions' indicator which had been previously frozen and is now no longer collected.

20. As a condition to amending these indicators, DSG requested that the Settlement team investigate a recalibration of the weightings for this IBA at the earliest opportunity.

21. In September, DSG were presented with a paper showing the financial impact on the 2025-26 Settlement of recalculating the weights for the non-HRA formula. The weights were derived using the latest three years of Revenue Outturn data (noting that the current weights were based on RO data for the three year period from 2006-07 to 2008-09).

22. The group were informed that since 2008-09 there has been a significant rise in the relative expenditure for 'Homelessness & Prevention' which has caused the relevant formula weight to increase from 31.3% to 61.08%. Relative expenditure (and therefore weightings) for all other areas has fallen.

23. Options for 2026-27:

- a. **Option 1:** Update the formula with the recalibrated weights.

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- b. **Option 2:** Phase in the recalibrated weights over a two-year period.
- c. **Option 3:** Phase in the recalibrated weights over a three-year period.
- d. **Option 4:** Do not update the formula with recalibrated weights for 2026-27 but include as part of a wider suite of formulae updates planned for 2028-29.

Recommendation:

DSG members noted the impact of the updated weights on the non-HRA IBA and agreed phase them in over a two-year period commencing with the 2026-27 Settlement (Option 2).

For specific grants, potential transfers into and/or out of the settlement

24. The situation is being monitored in conjunction with policy departments, and significant transfers will be prioritised.

Longer term considerations

Local Government Revenue Settlement Funding Formula Progress

25. The Welsh Government is undertaking a comprehensive, multi-year programme of work to review the local government funding formula, with implementation targeted for the 2028-29 settlement. This data-led programme is primarily focused on updating and recalibrating outdated Census-based indicators, to ensure the way funding is distributed between local authorities is robust, fair, and reflects current patterns of need and expenditure.
26. The review is being delivered in partnership with local government through the Distribution Sub-Group (DSG), with strategic oversight from the Finance Sub-Group (FSG). The focus is on the distribution of available funding and does not consider the quantum of the settlement.
27. Work is underway to recalibrate (and potentially revise) the three main schools Indicator Based Assessment (IBA) formulae, alongside preliminary development work on the Personal Social Services (PSS) formulae. This will involve updating indicators and assumptions and collecting new client-level data in partnership with Data Cymru, to support revision of the underlying methodologies.
28. The wider programme will focus on the remaining IBAs that rely on Census-based indicators, along with other areas of the formula that have not been reviewed in recent years. The review is structured into ten workstreams, each with defined objectives and timescales. Major phases include:
 - Scoping and Planning: Autumn 2025
 - Main Education IBAs Recalibration: Autumn 2025 – Spring 2026
 - PSS IBAs Recalibration: Winter 2025 – Autumn 2026
 - Remaining Education IBAs: Winter 2025 – Summer 2026
 - Other Census-based IBAs: Summer 2026 – Spring 2027
 - Modelling and Impact Analysis: Autumn 2026 – Spring 2027
 - Damping/Phasing and Deprivation Grant Review: Spring 2027 – Summer 2027
 - Finalisation and Sign-off: Summer 2027

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- Ongoing review and recalibration: Summer 2027 onwards
29. All updates are intended to be implemented in a single year, maintaining consistency and aligning with the ongoing programme of Council Tax reform. The review is technically complex and resource-intensive, requiring extensive modelling, new data collection, and peer review.

Welfare Reform

30. As both short term and long term considerations, we need to assess the current indicators (currently only one still frozen) used as a proxy for deprivation, to ensure these still reflect a fair and balanced distributional mechanism, given the implications of the changes to the UK Government welfare system.

Local Government Finance Policy and Sustainability Division
Welsh Government

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ANNEX A: Membership of the DSG 2025

Welsh Government – Local Government Finance

Judith Cole	Deputy Director, Local Government Finance Policy and Sustainability Division (Chair)
Emma Smith	Local Government Finance Policy
Andrea Melvin	Local Government Funding (from May 2023)
Simon Edwards	Local Government Funding (from May 2025)
Rhiannon Jones	Local Government Funding (from March 2025)
Freya Gregory	Local Government Funding (from October 2022)
Clare Blake	Local Government Finance Reform

Independent Members

Chris Barton
Dr Dennis de Widt
Guto Ifan

Welsh Local Government Association representatives

Jon Rae	Director of Resources, Welsh Local Government Association
Ian Allwood	Head of Finance, Cardiff Council
Carys Lord	Chief Officer – Finance, Housing and Change, Bridgend County Council
Jane Thomas	Director of Corporate Services (Section 151 Officer), Powys County Council
Barrie Davies	Director of Finance and Digital Services, Rhondda Cynon Taf County Borough Council
Elizabeth Thomas	Head of Finance, Denbighshire County Council
Jonathan Davies	Head of Finance, Monmouthshire County Council
Dewi Aeron Morgan	Head of Finance, Cyngor Gwynedd
Duncan Hall	Executive Corporate Lead Officer: Finance & Procurement, Ceredigion County Council
Hayley Randall	Head of Statistics, Local Government Data Unit Wales

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ANNEX B: REPORT OF THE INDEPENDENT MEMBERS 2025

To be added

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ANNEX C: MODELLED IMPACT OF CHANGES ON THE 2025-26 AGGREGATE EXTERNAL FUNDING (AEF)

£'000

Local authority	2025-26 AEF Final figures	Key dataset changes						2025-26 AEF with changes	Differences	
		a) RARO data	b) PLASC data	c) eFSMTP data	d) Population data	e) Benefits & CTRS data	f) Non-HRA		£000s	%
Isle of Anglesey	135,881	147	138	84	-397	181	-112	135,922	40	0.0%
Gwynedd	248,390	308	-139	-127	415	125	-381	248,592	202	0.1%
Conwy	219,010	79	-14	-93	-431	150	-52	218,649	-361	-0.2%
Denbighshire	215,251	284	248	66	244	-24	-121	215,949	697	0.3%
Flintshire	275,984	-546	-1,088	-94	-496	89	-234	273,616	-2,368	-0.9%
Wrexham	249,508	-58	352	67	884	248	-186	250,816	1,308	0.5%
Powys	251,461	-261	-614	-29	-148	227	-33	250,603	-858	-0.3%
Ceredigion	144,225	50	-359	26	-841	48	-259	142,890	-1,335	-0.9%
Pembrokeshire	233,534	-45	314	-108	-202	364	-19	233,838	304	0.1%
Carmarthenshire	375,692	33	-1,231	-108	-533	188	195	374,235	-1,457	-0.4%
Swansea	468,409	-112	715	167	1,933	-211	198	471,099	2,690	0.6%
Neath Port Talbot	306,177	458	-844	-5	-537	-54	-207	304,988	-1,189	-0.4%
Bridgend	276,528	-72	398	12	88	-231	62	276,784	256	0.1%
The Vale of Glamorgan	224,448	-273	224	99	140	21	-120	224,537	90	0.0%
Rhondda Cynon Taf	521,329	544	-172	-74	-237	-498	-582	520,311	-1,019	-0.2%
Merthyr	133,144	286	-704	14	69	12	77	132,898	-246	-0.2%
Caerphilly	373,900	216	-516	107	-795	51	-62	372,901	-998	-0.3%
Blaenau Gwent	154,534	186	225	-11	81	-16	-113	154,886	352	0.2%
Torfaen	192,216	204	292	-4	-3	-256	-138	192,311	96	0.0%
Monmouthshire	135,248	-560	414	10	-91	-36	-11	134,975	-274	-0.2%
Newport	329,322	-103	1,547	17	2,514	57	528	333,882	4,560	1.4%
Cardiff	674,886	-764	812	-17	-1,657	-436	1,570	674,395	-491	-0.1%
WALES	6,139,078	0	0	0	0	0	0	6,139,078	0	0

Please note: Figures do not indicate actual funding allocations for 2026-27 and only exemplify some of the updates for the 2026-27 settlement. Other updates, such as underlying council tax modelling assumptions will have a significant impact on allocations.

- a) Distributional changes resulting from an update to the underlying latest 2025-26 RA data **and** 2024-25 RO only.
- b) Distributional changes resulting from an update to the underlying latest 2025 PLASC data only.
- c) Distributional changes resulting from an update to the underlying latest 3-year average of eFSM or TP data only.
- d) Distributional changes resulting from an update to the underlying latest Mid-2024 Population data only.
- e) Distributional changes resulting from an update to the underlying latest benefits and CTRS data only.
- f) Distributional changes resulting from an update to the underlying non-HRA weights only.

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ANNEX D: Distribution Sub-Group Work Programme 2025

The work programme for 2025 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 (2026-27 and 2027-28) 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.

Progress

Key:

	Routine maintenance/ updating – will deliver
	Local Tax Reform - will deliver (support available from relevant team)
	Reactive – would expect to achieve but if particularly resource / time consuming we may determine, on a case-by-case basis, that issues should be deferred.
	Important - will deliver at least some consideration allowing conscious decision making and progress - may be done by bringing in other resource

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.**

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Priority	Item	Description	Action	Progress/Timing
1.	Population data for future settlements	<p>DSG agreed to use the most up to date population data for the 2025-26 settlement (Mid-Year 2023 Population Estimates).</p> <p>2026-27 settlement investigate financial implications of:</p> <ul style="list-style-type: none"> - Mid-2024 Population estimates. - 2022 based Sub-national Population projections for the year 2025. - Consider the implication of ONS revising earlier population estimates. - Consider the implications of Admin population estimates. <p>Release Schedule (Population)</p> <p>Mid-2024 population estimates (July 2025)</p> <p>Sub National population projections 2022 based (Autumn 2025)</p>	<p>Continue to work with KAS population & census statisticians to plan way forward. Produce analysis on Mid-2024 population estimates and 2022 based and Sub National population projections.</p>	<p>In September 2025, DSG agreed to using the 2024 MYEs for the 2026-27 settlement.</p> <p>(The Welsh Government's 2022-based sub-national projections will not be available in time to be considered for the 2026-27 Settlement).</p>
3.	Youth service funding	<p>An independent review was requested by the interim Youth Work Board</p>	<p>Consider the implications of the independent review.</p>	<p>Ongoing</p>

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Priority	Item	Description	Action	Progress/Timing
3	Post-16 Learning Difficulties and/or Disabilities Specialist Placements	<p>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.</p>	<p>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.</p>	Ongoing
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 25-26 were done so on existing distributions – these need to be reviewed for the 26-27 settlement. Further grants may be identified as part of the ongoing work during 25-26 for transfer into the 26-27 settlement.</p>	<p>Monitor situation with policy. Prioritise significant transfers. Consider additional resource if necessary to complete.</p>	<p>Autumn 2025:</p> <ul style="list-style-type: none"> It was agreed with policy colleagues that the distribution of the housing-related grants for 2026-27 (transferred in 2025-26) would be done on the same (revised) basis as the non-HRA formula.

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Priority	Item	Description	Action	Progress/Timing
1	Advice on the distribution of specific grant funding on an ad hoc basis	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.	Monitor situation with policy. DSG requested greater involvement. Specific known issue will be: Employer NI Contributions	Ongoing
	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 [As EOTAS and Independent Schools figures are not usually available until November , the limited implications of these will be considered in November]	September 2025: DSG agreed to use the latest 2025 PLASC data, with continued use of the latest 3-year average of pupils recorded eFSM or TP.

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Priority	Item	Description	Action	Progress/Timing
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 (RA) and November (RO)	September 2025: DSG agreed to use the 2025-26 RA data and the 2024-25 RO data in the 2026-27 Settlement.
1	DSG Progress Report - interim	A report of the progress of the DSG against the 2025 work programme up to September 2025, for presentation at the Finance Sub Group (FSG) meeting in October.	Analysis will be presented at DSG September and November.	
1	DSG Progress Report – final	The final report of the DSG to be signed off by the Finance Sub Group (FSG) in autumn 2025.	Finance Sub Group (FSG) November meeting considers report. Report finalised November/December.	Autumn/Winter 2025

Strategic Considerations

Priority	Item	Description	Action	Progress/Timing
2	Work related to Local Government Tax Reform	Consider the work on local government tax reform and the impact this could have on the Settlement, including: <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 	Ensure DSG are engaged at the appropriate times and aware of any developments from LGFR. Consider issues arising including re-distributional impacts, any phasing etc.	To be implemented for 2028/29 settlement

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Priority	Item	Description	Action	Progress/Timing
		<p>determining the notional CT within the Settlement model needs changing in light of council tax reform.</p> <ul style="list-style-type: none"> • 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>1 (although may change depending on timing of CT reform)</p>	<p>Monitor the work to identify alternative datasets for a proxy deprivation indicator in place of eFSM.</p>	<p>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. 2025-26 used an average of eFSM and TP pupils for the years 2022, 2023 and 2024 as agreed through DSG.</p>	<p>Continue close contact with policy team through working group.</p>	<p>Will be aligned to the outcomes of the Welsh Government's e-FSM policy group.</p>
<p>2</p>	<p>Welfare Reform</p>	<p>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.</p>	<p>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</p>	<p>Ongoing.</p>

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Priority	Item	Description	Action	Progress/Timing
			Government welfare system.	

Formula Review

Priority	Item	Description	Action	Progress/Timing
1	<p>Education:</p> <ol style="list-style-type: none"> 1. Nursery and Primary school teaching and other services 2. Secondary school teaching and other services 3. Special Education 4. Nursery and Primary school transport services 5. Secondary school transport services 	<ul style="list-style-type: none"> - DSG recommended the use of the Nursery and Primary Education IBA as a pilot of the work involved in updating and recalibrating IBAs. In early 2024 the settlement team undertook the recalibration work. - Various options were presented to DSG and the recommended option was to recalibrate the formulae using the latest 2021 Census Settlement Threshold 5,000 sparsity data based on the results of the regression analysis. The regression analysis showed that this had the strongest relationship with need to spend. - DSG noted the results had shown quite a significant shift in funding across local authorities and that this was due to the sparsity data changing from the 1991 Census to the 2021 Census. - DSG noted that the analysis had shown that deprivation factors 	<p>Continue analysis to reflect the latest years' worth of data for the Nursery and Primary IBA.</p> <p>Apply a similar method for the Secondary School IBA.</p> <p>Apply a similar method for the Special Education IBA.</p> <p>Apply a similar method for the Nursery and Primary school transport services</p> <p>Apply a similar method for the</p>	<p>Interim Reports to be provided to each FSG meeting</p> <p>Analysis to be presented at DSG during 2025, 2026 and 2027.</p> <p>Undertake analysis during 2025, 2026 and 2027.</p> <p>Analysis to be implemented, if agreed, as part of overall package of changes to the 2028-29 settlement.</p>

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Priority	Item	Description	Action	Progress/Timing
		<p>were now more closely connected with a need to spend than were sparsity factors in this particular service. As a result, sparse authorities would lose funding, because the sparsity percentage weighting had decreased while the deprivation weighting had increased.</p> <ul style="list-style-type: none"> - DSG noted that the school transport IBA also picks up sparsity data and it was useful to see how spend had gone up on transport as rural schools had been merged and pupils were having to travel further. 	<p>Secondary school transport services</p>	
<p>1 (although may change depending on timing of CT reform)</p>	<p>Personal Social Services:</p> <ol style="list-style-type: none"> 1. Children and young persons 2. Older adults' residential and domiciliary care 3. Younger adults' personal social services 	<ul style="list-style-type: none"> - Similar work on the PSS formulae was scoped. In July 2024 DSG were presented with a paper explaining the methodology for the data collection process in the Older adults' residential and domiciliary care personal social services formula which had been used in previous work. This had involved data collection from LAs on expenditure data at ward level. - DSG agreed that given the passage of time the first stage was to explore other sources of 	<p>Data collection: (Social Care Numbers) The settlement team to work with the social service statistics team in KAS to obtain disaggregated social care support census data as of 31 March 2025. The data will be based on the following Data collection series</p> <p>Data collection: (Social Care</p>	<p>Interim reports to FSG at each meeting</p> <p>Project plan to be presented at DSG during 2025.</p> <p>Undertake analysis during 2025, 2026 and 2027.</p> <p>Analysis to be implemented, if agreed, as part of overall</p>

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Priority	Item	Description	Action	Progress/Timing
		<p>data rather than instigate the same administratively heavy data collection method.</p> <ul style="list-style-type: none"> - Currently the 9 census indicators are used to measure deprivation. DSG agreed that there may be alternative data sources to investigate that may be appropriate proxy measures for deprivation. DSG agreed the process after the data collection would be similar to the work done on the Nursery and Primary schools' formula, using hierarchical modelling and multilevel modelling. - DSG agreed that there is a second process to look at dispersion data which considers the distance and time needed to travel to provide services which would account for rurality within the formula. 	<p>Expenditure) The settlement team to work with the social service statistics team in KAS to obtain disaggregated social care support expenditure data.</p> <p>Data collection: (Deriving a unit cost at ward level) The settlement team to work with DSG and the social service statistics team derive a unit cost at ward level.</p> <p>Analysis: The settlement team to use OLS regression to determine which deprivation datasets have the strongest correlation with expenditure.</p> <p>The settlement team to use multi-level modelling techniques to determine the weightings for each of the assigned variables.</p>	<p>package of changes to the 2028-29 settlement.</p>

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Priority	Item	Description	Action	Progress/Timing
			<p>Cost adjustment for sparsity and dispersion: The settlement team to look at dispersion data which considers the distance and time needed to travel to provide services to 'hubs' within settlement thresholds. This would account for rurality within the formula.</p>	
<p>2</p>	<p>Housing: 1. Non HRA housing</p>	<ul style="list-style-type: none"> - DSG agreed to use the latest homelessness and housing benefit data for the 2025-26 settlement. The latest data is to be used on the basis that the settlement team will investigate the work required for the recalibration of the formula. 	<p>The settlement team will scope RO expenditure data on housing services.</p> <p>The settlement team will use OLS regression to determine which housing deprivation datasets have the strongest correlation with RO expenditure data on housing services.</p>	<p>September 2025:</p> <p>DSG were presented with updated weightings for the non-HRA formula, based on the latest 3 years of RO data.</p> <p>DSG agreed to adopt the new weightings over a 2-year transition period</p>