Distribution Sub Group
Terms of Reference 2026

Purpose

The Distribution Sub Group (DSG) is a technical working group under the Finance Sub Group (FSG) of the Partnership Council for Wales. It exists to consider matters relating to the distribution of the annual local government revenue settlement.

Overarching Principles

The revenue settlement is distributed on the basis of relative need. In undertaking its work, DSG should be guided by the following overarching principles.

- Equity
- Stability
- Clarity
- Relevance

Alongside these principles, consideration should be given to the level of complexity being introduced into the formula and the balance to be struck between additional complexity and the amount of value added to the formula.

The intended outcome for the settlement is summarised as follows.

> *The delivery of an equitable, appropriate and accurate distribution of revenue settlement funding to local authorities in Wales which reflects relative **need** and is delivered according to agreed timescales. To be achieved through a partnership relationship with local government and input from independent members, with DSG making recommendations to the Finance Sub Group for formal decisions by Welsh Ministers and approval by the Senedd.*

Objectives

The main objectives of the Distribution Sub Group (DSG) are as follows.

- To propose to the Finance Sub Group (FSG) an annual programme of work to develop the formula for compiling and distributing settlement funding.
- To implement the annual DSG Work Programme, as agreed by the 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 the settlement funding.
- To consider the distributional aspects of specific grant schemes, as appropriate/ invited, on a timely basis and in line with the Welsh Government guidance on grants.
- To advise the FSG on matters of stability and multi-year indications as appropriate.
- To prepare an annual report with recommendations for consideration by the FSG.

Scope and requirements

The main areas of work for the DSG will be set out in its annual work programme, subject to the agreement of the FSG.

Key milestones

The main phases of the DSG work programme for the annual settlement are as follows.

Milestone	Deadline (DSG Meeting)
Final consideration of specific grant transfers into and out of RSG	November/January
Draft DSG Report circulated for comment and discussion	November
Agree the treatment of the population data source	September/October
Agreement of data for Final Settlement	November
Final agreement of revenue data to be used in the settlement	November
Final DSG Report	November

Deliverables

DSG will receive and review the following products in relation to the annual work programme.

- DSG agendas, papers and minutes (during the year)
- DSG draft progress report (for presentation at the October/November FSG)
- DSG final Report (one annual report) (Finalised in November)

It is recognised that it might be helpful for members to share DSG papers outside of the group. Members must make it clear to any additional recipients that papers have been written by WG officials and Minister have not had the opportunity to comment on the contents. Where the papers are confidential (for example if they use statistics which are not yet released or are at too granular a level for release) and cannot be shared further, they will be identified by officials when they are sent to the Group

DSG papers have been written by officials of the Welsh Government. Ministers have not had an opportunity to comment on the contents. Exemplifications of changes are provided simply to inform discussion by DSG members. They are not Welsh Government proposals or statements of Government policy for or against changes.

DSG papers (where unrestricted) will be published on the Welsh Government website along with minutes recording decisions, actions and the key points of discussions.

Roles and responsibilities

DSG membership is given in Annex A. Others may be invited to attend meetings when particular expertise or specialist input would be beneficial.

Organisation	Functions include:
Welsh Government	• Advising Welsh Ministers on all aspects of the settlement.

Organisation	Functions include:
	• Ensuring the settlement and its distribution, and the work of the DSG, aligns with Welsh Government well-being objectives, strategies and policies. • Drawing up and implementing settlement delivery plans, taking account of the availability of staff resources. • Defining and applying quality standards for the settlement and settlement products, including DSG deliverables. • Chairing the DSG and providing the secretariat for meetings. • Drafting the DSG work programme. • Developing the formula and settlement models. • Providing exemplifications of formula and data changes. • Collecting and validating settlement data. • Drafting the DSG Report (and progress report) for agreement by the DSG. • Coordinating Welsh Government input into the work of the DSG. • Monitoring progress in delivering the work programme. • Publishing DSG and settlement products and outputs. • Presenting progress reports and recommendations to the FSG.
WLGA Lead	• Agreeing and arranging local authority membership of the DSG. • Representing the viewpoint of local government at the DSG. • Co-ordinating local government input into the work of the DSG, including input into the development and delivery of the work programme. • Securing collective buy-in from local government to DSG decisions • Collating and reflecting the collective local government view on DSG considerations and recommendations. • Advising members of the WLGA Council and WLGA Executive of the FSG and the Partnership Council for Wales on the work of the DSG. • Communicating DSG matters to members of the WLGA Council and WLGA Executive and senior officers.
WLGA Representatives	• Contributing to the drawing up of the DSG work programme. • Providing input on all matters relevant to the DSG work programme, representing the collective interests of local government and supporting the delivery of the well-being of future generation act goals. • Advising on the effect of proposed changes to the formula and data, including potential risks. • Providing input and making decisions on exemplifications and proposals presented to the DSG, including the robustness of the proposed approach and supporting analysis. • Agreeing the DSG Report and its recommendations. • Working in partnership with the Welsh Government to ensure work-streams progress as set out in the work programme. • Contributing to the formulation and development of proposals and the delivery of work-streams, leading the delivery of work packages as appropriate.

Organisation	Functions include:
	• Communicating DSG matters to local government elected members and senior officers.
Independent Members	• Providing independent input on all matters relevant to the DSG work programme. • Contributing to the drawing up of the DSG work programme. • Advising on the effect of proposed changes to the formula and data, including potential risks. • Providing input into the considerations and decisions of the DSG. • Providing assurance that the DSG work programme, DSG Report and DSG decisions and recommendations are based on unbiased consideration of the available evidence and analysis.

Local Government Finance Policy and Sustainability
Welsh Government

Annex A

DSG MEMBERSHIP 2026

Welsh Government – Local Government Finance Policy and Sustainability (LGFPS) Division

Judith Cole – Chair
Emma Smith
Andrea Melvin
Rhiannon Jones
Freya Gregory

Welsh Government – Local Government Finance Reform (LGFR) Division

Clare Blake (Deputy Director, Council Tax Policy and Reform)
Ben Crudge (Deputy Director, Non-Domestic Rates Policy and Reform)

Independent Members

Chris Barton (Former Treasurer South Wales Fire Service)
Dr Dennis de Widt (Cardiff University)
Guto Ifan (Cardiff University)

Welsh Local Government Association Representatives

Jon Rae	Welsh Local Government Association
Nathan Gardner	Welsh Local Government Association
Lisa Hayward	Welsh Local Government Association
Hayley Randall	Welsh Local Government Association
Carys Lord	Bridgend County Borough Council
Ian Allwood	Cardiff Council
Liz Thomas	Denbighshire County Council
Dewi Morgan	Gwynedd Council
Jonathan Davies	Monmouthshire County Council
Jane Thomas	Powys County Council
Barrie Davies	Rhondda Cynon Taf County Borough Council
Duncan Hall	Ceredigion County Council