

DISTRIBUTION SUB GROUP (DSG)

Minutes of meeting held on 15 November 2017 at Cathays Park, Cardiff

Welsh Government (WG)

Simon Edwards (Chair)

Rob Hay

Debra Carter

Kim Swain

Shelley Heath

Welsh Local Government Association (WLGA)

Jon Rae (WLGA)

Dilwyn Williams (Gwynedd)

Hywel Jenkins (Neath Port Talbot)

Christopher Lee (RCT)

David McAuliffe (Blaenau Gwent)

Ian Allwood (Cardiff)

Independent Members

Chris Barton

Hugh Coombs

Rhys Andrews

Apologies

Andrew Stephens (Data Unit Wales)

Joy Robson (Monmouthshire)

Richard Weigh (Denbighshire)

David Powell (Powys)

Welcome and Introductions

1. The Chair recorded apologies.

Minutes and matters arising from the previous meeting

2. There were no comments of accuracy on the minutes from the previous meeting.
3. Paragraph 4: The chair informed the group that a paper on the future distribution of the Welsh Independent Living Grant (WILG) through the settlement had not been brought to the meeting as the relevant data will not be available until December. The chair proposed that a paper be brought back to the group in January to discuss the data.
4. **Action: Welsh Government Officials to bring back a paper to the next meeting on the distribution of the WILG through the settlement for 2019-20 and future years.**
5. Paragraph 6: A meeting is being arranged for early next year between Huw Jones, Anil Hirani and Welsh Government officials to better understand the pool rate model.
6. Paragraph 9: The chair informed the group that the data collected on the Social Care Workforce Grant suggests the spending has been spread over a range of services and policy colleagues have agreed the current formula for distributing the grant is appropriate. It was suggested that this does not necessarily reflect where the increased costs are, as some authorities will have already been meeting the commitments on the national living wage and are therefore able to spend the funding elsewhere. It was pointed out that the RO data will show where the

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increased costs are after two years and it was noted that the current formula is only a temporary solution.

7. **Action: Paragraph 12 – outstanding action: Data Unit Wales to follow up with the Associate Directors of Education Wales (ADEW) Finance with a view to agreeing release of the data to the DSG.**
8. Paragraph 17: Welsh Government officials made amendments to the DSG overview paper for FSG and have brought this back to the DSG under agenda item 4 for further discussion on the work programme.
9. Paragraph 20: Welsh Government official's amended table 1 of the RO and RA data paper. This amendment will apply to future versions of the paper.
10. Paragraph 22: Welsh government officials completed analysis on the other services RO data and informed the group that there are a number of factors that contribute to the increase in the *other services* RO data.
11. **Action: Welsh Government Officials to circulate information which maps the RO lines to the SSA build and to consider bringing a further paper to the group.**
12. Paragraph 27: Welsh Government officials made the suggested amendments to the DSG report prior to this being agreed by FSG.
13. Paragraph 28: The Chair informed the group that the changes to Supported Housing are unlikely to affect the settlement until 2020-21 at the earliest. The chair agreed to follow this up with housing colleague, Paul Webb from Welsh Government. The group suggested it would be useful to get an update from housing colleagues at the DSG.
14. **Action: Simon Edwards to contact Paul Webb from the Welsh Government to discuss the potential for housing colleagues to attend a future DSG meeting to update the group on Supported Housing.**
15. Paragraph 34: Welsh Government officials informed the group the universal credit data is both job centre and residence-based. However, the data used for the settlement calculations is residence-based.
16. Paragraph 37: The chair informed the group that all room bookings for future meetings, except for the meeting on 14 March 2018 have been changed to give the option of video conferencing.

DSG (2017) Paper 17 – Changes between provisional and final settlements

17. Welsh Government officials presented a paper on the planned changes between the provisional and final settlements.
18. Welsh Government officials clarified that Powys's 2017-18 base will need to be adjusted by +£40k to account for the funding which was awarded for Looked After Children in 2017-18, but the 2018-19 distribution was correct.

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19. DSG members felt it would be useful to see analysis on the method for calculating the additional funding for capital limits for residential care. It was suggested that the data does not support the reality of the additional costs of paying for residential care as the return does not account for the total cost of new clients. Members of the group expressed concern that the grant has led to more people applying for the service, resulting in additional costs for Local Authorities.
20. **Action: Welsh Government officials to discuss with social care colleagues and report the capital limit for residential care analysis back to the group.**
21. Local government members requested to see the latest tax base figures, when they become available. Welsh Government officials explained that this data isn't officially released in advance of the settlement, so they will have to speak with KAS colleagues about this.
22. **Action: Welsh Government officials to check if tax base figures can be shared with the group, and circulate these if possible.**
23. DSG members asked if they could be provided with updated settlement figures after the changes have been made, prior to the final settlement being published. Welsh Government officials agreed they would consider providing updates to distributional shifts prior to the final settlement being published providing there is sufficient time.
24. **Action: Welsh Government officials to look into providing updated figures ahead of the Final Settlement.**
25. DSG members queried the wording in the provisional settlement in regards to the 'additional funding' for education and social care. Welsh Government officials explained the figures for the service blocks were to see a decrease from the 2017-18 final settlement, resulting in additional money being put into these to maintain the Welsh Government's assumed share of funding at the 2017-18 level. Welsh Government officials informed the group that a letter had been sent to the Equality, Local Government and Communities Committee from the Cabinet Secretary for Finance and Local Government to clarify this.

[Rob Hay joined the meeting]

DSG (2017) Paper 18 – 2018 DSG work programme

26. Welsh Government officials introduced the final DSG overview paper which was amended to incorporate the suggestions from the previous meeting and was presented to the FSG in September.
27. Rob Hay reported the new Cabinet Secretary for Local Government and Public Services similar to the previous Cabinet Secretary was keen to work with Local Government on any developments to the formula.
28. DSG members pointed out that all aspects of the DSG work programme are working to develop and update the formula and felt this should be reflected.
29. It was agreed that priorities need to be set out so this can be reported back to DSG. It was noted that expectations need to be managed as it is not possible to

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cover all aspects of the work programme at once, with some things needing to be put on hold in order to concentrate on others.

30. DSG members agreed they would like to see work on developing a bottom up determination of cost drivers approach to education and waste services prioritised in order to determine if this is a suitable alternative to the current formula.
31. DSG members queried the possibility of commissioning people to do this. Jon Rae proposed the cost for this be shared between Welsh Government and WLGA or the Data Unit. It was noted that in order for this to happen DSG members need a clear idea of what they would like to see happen.
32. DSG members expressed concern that the work programme did not reflect certain acts or legislation which will affect the formula in the future. Welsh Government officials assured the group that anything which has an effect on the formula will be put on the agenda when there are issues to discuss.
33. **Action: Welsh Government officials to revise the work programme to focus on education and waste services.**
34. Welsh Government officials raised the point of the volatility of the Free School Meals data and suggested this should be an item on the work programme.
35. DSG members queried the work of other groups which could have an impact of the formula and Welsh Government officials suggested members of the funding flexibilities group could attend DSG to discuss their work.
36. **Action: Welsh Government officials to ask members of the funding flexibilities group to discuss their work at DSG.**

Any Other Business

37. None

Dates and venues of next meetings

38. The dates for 2018 are as follows:

- 18 January 2018, Welsh Government, Cardiff
- 14 March 2018, Welsh Government, Cardiff
- 15 May 2018, Welsh Government, Cardiff
- 18 July 2018, Welsh Government, Cardiff
- 13 September 2018, Welsh Government, Cardiff
- 14 November 2018, Welsh Government, Cardiff

**Local Government Finance Policy
Welsh Government**