

DISTRIBUTION SUB GROUP (DSG)

Minutes of meeting held on 18 January 2018 at Cathays Park, Cardiff

Welsh Government (WG)

Rob Hay (Chair)	Ashley Caddick
Simon Edwards	Shelley Heath
Joanna Leek	Ian Davies (observer)
Ruth Studley (item 4 only)	

Welsh Local Government Association (WLGA)

Jon Rae (WLGA)	Christopher Lee (RCT)
Dilwyn Williams (Gwynedd)	David McAuliffe (Blaenau Gwent)
Andrew Stephens (Data Unit Wales)	Ian Allwood (Cardiff)

Independent Members

Chris Barton

Apologies

Joy Robson (Monmouthshire)	Richard Weigh (Denbighshire)
Hugh Coombs	David Powell (Powys)
Rhys Andrews	Hywel Jenkins (Neath Port Talbot)
Debra Carter (WG)	

Welcome and Introductions

1. The Chair recorded apologies, and welcomed Ashley Caddick (covering while Kim Swain is on secondment) and Ian Davies (observer) from Welsh Government to the group.

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: Welsh Government Officials 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 was not yet available. Welsh Government Officials reported back on the findings from the 9 months of data that was available and proposed to bring back a paper once a full 12 months of data has been collected. It was highlighted that while there is a strong correlation between the number of claimants and the total costs across Local Authorities, the range in unit costs means that a higher number of claimants does not necessarily translate to higher total costs.
4. **Action: Welsh Government officials to bring back a paper on the distribution of the WILG through the settlement for 2019-20 and future years once 12 months of data becomes available.**
5. Paragraph 7: Andrew Stephens informed the group that the education benchmarking data from the Data Unit should be available to share with Welsh Government within 3 weeks. The data provided will be an anonymised sample of the full data set, and will cover the majority of the Local Authorities and around half of the secondary schools in Wales to enable DSG to pull out key information

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and characteristics of the data. Welsh Government to analyse the data once received, to look into cost drivers and variations on spending between schools.

6. **Action: Welsh Government officials to analyse the education benchmarking data from Data Unit.**
7. Paragraph 11: Welsh Government Officials circulated information which mapped the RO lines to the SSA build and noted that the fire data are derived from the Revenue Account returns, as are the other sector totals.
8. Paragraph 14: Paul Webb from Welsh Government to attend a future DSG meeting to discuss supported housing. Welsh Government officials informed the group that the changes to supported housing have been scaled back and are not likely to take place until 2020-2021 at the earliest.
9. **Action: Paul Webb from Welsh Government to attend a future DSG meeting to discuss supported housing.**
10. Paragraph 20: Welsh Government officials informed the group that an extra £7 million has gone into the settlement for 2018-19 to increase capital limits for residential care to £40,000. It was noted that although there is currently no evidence that suggests changes need to be made to the current distribution, more analysis will be undertaken when there is more data available. It was highlighted that further consideration to be given to the overall costs for this still need to be addressed.
11. Paragraph 22: The tax base figures could not be circulated in advance of the publication of the final settlement due to issues surrounding the pre-release of data.
12. Paragraph 24: The settlement figures were not circulated in advance of the publication of the final settlement as there was insufficient time and resources.
13. Paragraph 33: Welsh Government officials amended the DSG Work Programme and this has been brought back to the DSG under agenda item 5 for further discussion ahead of the meeting with the Finance Sub Group.
14. Paragraph 36: Ruth Studley from Welsh Government was invited to the meeting to discuss the work of the Funding Flexibilities group.

Oral item – Flexible Funding review update

15. The Chair welcomed Ruth Studley, Deputy Director for Communities First Transition to the group. Ruth gave an overview of the work ongoing on the Funding Flexibilities project. Ruth informed the group that there are 7 'pathfinder' authorities which, for 2018-19, will be given further flexibility when administering individual hypothecated grants enabling them to reduce inefficiencies and deliver services differently, with the overall aim to provide better services for the most vulnerable in society. It is hoped the pathfinder authorities will help to identify which principles work, so that the distribution of individual grants can eventually be transferred to a single plan or delivered more appropriately.

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16. DSG members expressed their support for a single plan to deliver different grants. Jon Rae informed the group that he will be taking a paper on this work to his executive board next week and offered to share the paper with Ruth.
17. DSG members requested to be kept up-to-date with the work of the funding flexibilities project in order to consider the distribution of any potential transfers into the settlement.

DSG (2018) Terms of Reference

18. The chair invited comments on the Terms of Reference from DSG members. Members expressed concern around the distribution of the Education Improvement Grant and the inconsistency of messaging around the ending of the Minority Ethnic Achievement Grant (MEAG), in particular.
19. DSG members agreed that there were no issues with the Terms of Reference, but there was a question around what, more widely, constitutes a 'transfer' and to what extent the term was understood by policy departments across the Welsh Government. It was highlighted that all transfers should be brought to DSG to determine distribution and impact on the overall funding received by authorities.

DSG (2018) Work Programme

20. Welsh Government officials presented the key information from the DCLG consultation document on the Fair Funding review. The document gives an overview of the ideas for a reform of the formula in England; Welsh Government officials highlighted the similarities of these ideas with those of the DSG.
21. It was agreed the responses to the consultation may be of interest to the DSG.
22. DSG members were informed of the seminar which was taking place in London to look into the formula reform in England, to which the devolved administrations were invited. Welsh Government officials agreed to give feedback from this, at the next DSG meeting.
23. **Action: Welsh Government officials to give feedback on the seminar for the reform of the formula in England, including updates from the other devolved administrations.**
24. The chair invited comments on the work programme from DSG members, ahead of this being taken to the FSG. Members expressed concern over the lack of any robust timescales around the longer term elements of the work programme.
25. DSG members agreed they would like to see work done on Education and Waste once the data becomes available, providing this is of sufficient quality. It was also noted that the shorter term elements of the work programme need to be completed in order to sustain stability.
26. Welsh Government officials agreed to consider including milestones for the longer term elements.

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27. Action: Welsh Government officials to consider milestones for the longer term elements.

Any Other Business

28. Welsh Government officials informed DSG members of concerns raised by Bridgend around the distribution of the Social Care for Prisoners in the Secure Estate grant on transfer into the settlement. DSG noted the concerns raised and stated that there were lessons learned from this exercise with a more transparent process potentially required in the future.

Dates and venues of next meetings

29. The dates for 2018 are as follows:

- 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