

## ***Distribution Sub-Group (2019) Paper 11 – Welsh Independent Living Grant phasing distribution***

**This discussion paper has 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.**

### **Welsh Independent Living Grant phasing distribution**

#### **Summary**

1. This paper looks at how we treat the 3<sup>rd</sup> year of the phased Welsh Independent Living Grant (WILG) funding that transferred into the settlement in 2018-19.
2. The underlying Revenue Outturn (RO) data within the settlement model will now have caught up to the transfer of funding (from September 2019), meaning that the current methodology of fixing the WILG Indicator Based Assessment (IBA) total at a pre-determined level would artificially over-estimate the elements of the PSS sector being driven by expenditure on what would have previously been the WILG.

#### **Views sought**

3. DSG members are asked to make a recommendation on the distribution of the WILG funding beyond the 2019-20 settlement.

#### **Recent related papers**

- *Distribution sub-group (2017) Paper 3: Welsh Independent Living Grant transfer*
- *Distribution sub-group (2018) Paper 18: Welsh Independent Living Grant distribution*
- *Distribution Sub-Group (2018) Paper 21: Phasing of WILG Distribution*

#### **Background**

4. WILG was transferred into the 2018-19 settlement, distributed on the historic actual expenditure.
5. In 2018, DSG agreed to phase the Welsh Independent Living Grant Indicator Based Assessment (IBA) from 100% actuals on to 100% of the younger adults' Personal Social Services formula by 2022-23 in 25% increments (DSG (2018) paper 21).
6. For the 2020-21 settlement, the third year of the transfer, it is planned that the £27m will be distributed on 50% past expenditure and 50% on the younger adults' PSS IBA.
7. Usually, after a grant has been transferred into the settlement, an IBA is kept for 2 years. In the third year, the funding is picked up in relevant expenditure line within the revenue outturn (RO) data collection. This is because the RO data is always 2 years behind the settlement year.
8. Therefore, continuing with the current methodology, the respective PSS IBAs would be over-estimated if we retained the £27m for the WILG IBA, without any other adjustments to artificially reduce the corresponding IBAs which are driven by what would have previously been expenditure on the WILG.

## ***Distribution Sub-Group (2019) Paper 11 – Welsh Independent Living Grant phasing distribution***

9. This paper provides DSG potential options on how this could be artificially rectified in the model and possibly set a precedent for any future funding phasing options in general.

### **Analysis**

#### **Option 1 – Remove half of the £27m from the younger person IBA.**

10. DSG have previously agreed that the funding would primarily fall under the younger adults' PSS IBA. The first option would be to artificially remove £13.5m (half the £27m) from the Younger Persons' RO value and distribute the remaining £13.5m solely on the historic WILG distribution.
11. This preserves the phasing of the funding and the benefits of this are that it treats the funding consistently from the same IBA over time.
12. This option does assume that the funding is still used in its entirety, while authorities could be spending more/less than the original assigned £27m on the service. This would mean that artificially removing the funding from the younger person's IBA could result in the IBA being under/overestimated as a result of this change.
13. This also assumes that the funding would all be captured in the younger person IBA.

#### **Option 2 – Scrap the phasing**

14. This option considers the removal of the 4 year phasing of the WILG and would mean that the funding would naturally flow through the model and be distributed in accordance to the relative IBAs that the funding would be captured under.

### **Conclusion**

15. Members are asked to make a recommendation on the preferred treatment option for the WILG funding for the 2020-21 settlement.
16. If members agree to use option 1, they are also asked to confirm they are content with the same mechanism being used in the following year but at a quarter of the historic grant value.

**Local Government Finance and Workforce Partnerships Division  
Welsh Government**