

DISTRIBUTION SUB GROUP (DSG)

Minutes of meeting held on 16 May 2017 at Cathays Park, Cardiff

Welsh Government (WG)

Rob Hay (Chair)
Simon Edwards
Kim Swain

Clare Blake
Shelley Heath

Welsh Local Government Association (WLGA)

Jon Rae (WLGA)
Jim McKirdle (WLGA) (for item 3 only)
Andrew Stephens (Data Unit) Wales
Dilwyn Williams (Gwynedd)

Christopher Lee (RCT)
Hywel Jenkins (Neath Port Talbot)
David Powell (Powys)
Ian Allwood (Cardiff)

Independent Members

Chris Barton
Rhys Andrews

Apologies

Debra Carter (WG)
Joy Robson (Monmouthshire)

Hugh Coombs (Independent)
David McAuliffe (Blaenau Gwent)
Richard Weigh (Denbighshire)

Welcome and Introductions

1. The Chair recorded apologies and welcomed Jim McKirdle (WLGA housing policy officer) to the meeting.

Minutes and matters arising from the previous meeting

2. Paragraph 14: Members of the group questioned what was meant by the term 'actuals' when referring to the transfer of Independent Living Fund (ILF) into the RSG for 2018-19.
3. **Action: Welsh Government Officials to provide clarity on what is meant by the term 'actuals' in reference to transfer of ILF.**
4. Paragraph 17: The group agreed that the action from the previous meeting gives the impression the transfer of the Independent Living Fund (ILF) will continue on the basis of actuals, rather than reflecting that this will be a temporary arrangement before moving to a formula distribution from 2019-20 onwards.
5. **Action: Welsh Government officials to bring a paper back to the next meeting on the distribution of the ILF through the settlement for 2019-20 and future years.**
6. Paragraph 30: Jon Rae commented that the minutes should reflect the divergence of views in the discussion between Local Government members and Welsh Government members regarding the work programme.
7. **Action: Jon Rae to provide an addition to the minutes.**

DSG (2017) Discussion Paper: The Supported Housing Review

8. Jim McKirdle presented the discussion paper on the 'Supported Housing Review'.
9. Jim informed DSG members there will be more information available after the release of the UK Government's Green Paper on 8 June. This will provide greater detail of the distribution methods in England and the process for Universal Credit. Jim noted that the Green Paper may affect some of the principles that currently surround supported housing, such as short term temporary accommodation and women's aid.
10. DSG members agreed that the key issues that need to be considered for Wales are the quantum of money which will be available for supported housing, the distribution of the money and the mechanism to distribute this. DSG members were in agreement that data needs to be acquired which provides evidence of what is currently being spent in order to make informed decisions on future arrangements. It was agreed that a survey should be carried out which provides this information.
11. Jim informed the group that a data collection process will be taking place over summer. DSG was keen to be kept in touch as the project is taken forward.

DSG (2017) Paper 07 – Pool Rate Calculation

12. Welsh Government Officials presented a paper on the Pool Rate calculation and the distributional impact of changing the Pool Rate in the settlement model.
13. The group felt it was important to fully understand the methodology behind the calculation before making any decisions on whether it should be changed. Members agreed they would like the methodology scrutinised by capital accountants from outside the main group to inform a decision on the way forward.
14. **Action: Ian Allwood to identify capital accountants who can work with Welsh Government officials to better understand the pool rate model and to scrutinise the methodology.**

Oral Update – Social care provision for those in the secure estate

15. Welsh Government officials fed back to the group on a discussion that took place with Social Care colleagues on the potential transfer into the settlement of funding for social care provision for those in the secure estate. While four authorities had been funded through a Welsh Government specific grant for two years, funding for HMP Berwyn in Wrexham was still being funded through the National Offender Management Service (NOMS).
16. Welsh Government Officials proposed a transfer into the settlement of the funding for the four Welsh Government grant-funded authorities for 2018-19, with the funding for HMP Berwyn transferring in at a later date. In-line with standard practice around smaller grants transferring into the settlement, it was proposed to distribute the funding through the overall Personal Social Services (PSS) sector block. The group agreed with the proposals.

- 17. Action: Welsh Government Officials to inform social care colleagues of the recommendation to transfer the grant funding for the four authorities into the settlement for 2018-19, on the overall PSS sector block.**

Oral Update – Consideration of prisoner population with population projections.

18. Welsh Government officials provided an update on the distributional impact of adjusting Wrexham's population projection figures to take account for the prisoners in HMP Berwyn, which are not currently accounted for in the 2014-based population projections.
19. Welsh Government officials informed the group that its current understanding was that by the summer the prison would be home to around 500 prisoners. This would equate to Wrexham being entitled to around £200,000 of additional SSA funding. On this basis, the group felt it was appropriate to adjust Wrexham's population projections based on the actual amount of prisoners in the prison at the time of the settlement calculation (rather than adjusting based on the projected full capacity of the prison). This would also form the principle of future considerations for changes to the prison estate.
- 20. Decision: Agreed to adjust the population projection figures to account for material changes to the prison estate, in this case the inclusion of the prisoners held in HMP Berwyn at the time of preparing the 2018-19 settlement.**

Oral Update – Waste Ministerial Programme Board Task and Finish Group

21. Welsh Government officials informed the DSG that there will be a meeting of this group on 1 June where there will be consideration of an options paper, looking at the amount of the waste element of the Single Revenue Grant that should be transferred into the settlement for 2018-19. Welsh Government officials informed the task and finish group that a paper would be brought to the DSG on 19 July to consider the distribution on transfer into the settlement.
- 22. Action: Welsh Government officials to update the DSG on the work on the task and finish group and to bring a distribution paper to the July meeting.**

Oral Update – Update on formula development work.

23. Welsh Government Officials gave a recap of the discussion on simplification of the formula from the previous meeting and welcomed further discussion on this issue.
24. Jon Rae re-iterated the divergence of views on the priorities of the Welsh Government and Local Government members of DSG when it comes to work programme.
25. It was suggested that Local Government members would like to see work on the unit cost approach to education and waste prioritised, whilst Welsh Government Officials feel this work would require substantial resource, without clearly articulating how it would result in a more effective formula.

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26. Welsh Government Officials recognised there is a need for change but explained they do not see the need for a large scale review of the formula, rather they would prefer to concentrate on addressing issues such as using more up-to-date data. Welsh Government officials agreed they would like to carry out analyses on census data to bring it up-to-date and would like the expenditure data to be more forward looking.
27. Local Government DSG members suggested they would like to see work done on testing a 'bottom up' approach based on unit costs and expenditure data. LG members believe that, by taking this work forward, the DSG could either accept this approach as being better than the current model or, if it doesn't work, it would provide a solid basis to continue using the current model.
28. Welsh Government Officials believed this route would use substantial resource without a clear map of where it would lead and suggested they did not see this as the way forward. Welsh Government Officials asked LG members to map out where they would like to go with this approach.
29. Independent members of DSG gave the view that the statistical data which is currently being used is too outdated. They agree that change is needed but believe DSG members should evaluate the work flow first. It was suggested DSG members could look into waste data first and use this as a possible basis for change.
30. **Action: Welsh Government officials to look into ways of bringing expenditure data used in the model more up-to-date and forward looking.**
31. **Action: Dilwyn Williams to reissue a paper from 2016 which looked into the unit cost approach to the education formula for discussion at the next meeting and to map the potential next steps for this work stream.**
32. **Action: Welsh Government officials to bring a further paper back to the next meeting on the simplification of the settlement formula.**
33. **Action: Welsh Government officials to look into the issues related to updating the census-based data and future-proofing of the formula and report back to DSG.**

Any Other Business

34. DSG members were in agreement that the next DSG meeting should not be brought forward and should be held on 19 July.
35. The group agreed to take a progress paper to the Finance Sub Group on 12 July, which will be dealt with through correspondence.
36. **Action: Welsh Government officials to write a DSG progress report and circulate to members for comment and agreement ahead of the FSG meeting on 12 July.**

Dates and venues of next meetings

37. The date for 2017 are as follows:

- 19 July 2017, Welsh Government, Cardiff
- 14 September 2017, Welsh Government, Cardiff
- 15 November 2017, Welsh Government, Cardiff
- 18 January 2018, Welsh Government, Cardiff
- 14 March 2018, Welsh Government, Cardiff
- 16 May 2018, Welsh Government, Cardiff

**Local Government Finance Policy
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