

DISTRIBUTION SUB GROUP (DSG)

Minutes of meeting held on 1 July 2020 via Microsoft Teams

Welsh Government (WG)

Judith Cole (Chair)
Emma Smith
Simon Edwards

Ashley Caddick
Heather Haywood
Ben Crudge

Welsh Local Government Association (WLGA)

Jon Rae (WLGA)
Carys Lord (VoG)
Jane Thomas (Powys)
Hywel Jenkins (Neath Port Talbot)

Steve Gadd (Denbighshire)
Dilwyn Williams (Gwynedd)
Ian Allwood (Cardiff)
Andrew Stephens (Data Cymru)

Independent members

Dr Dennis de Widt
Guto Ifan

Chris Barton

Apologies

Barrie Davies (RCT)

Welcome and Introductions

1. The Chair welcomed everyone to the meeting.

Minutes and matters arising from the previous meeting

2. There were no comments of accuracy from the previous meeting.
3. The Chair noted that most actions from the previous meeting would be covered today and the only outstanding action was regarding the housing support grant which had not been actioned due to workloads in the relevant teams as a result of Covid 19. This would be addressed going forward.

DSG (2020) Paper 13 – Council tax uplift

4. Welsh Government officials summarised the paper, which builds on the paper presented at the last meeting but also exemplifies using a five or seven year average approach.
5. It was noted that the historic 2.5% method was the least accurate and the three year average approach was the most relevant position, taking into account recent economic changes, but not as smooth as the five and seven year averages respectively.
6. It was highlighted that the more years considered in the averaging approach, the smoother the data becomes (year on year), meaning that the change in the percentage uplift would be smaller each year, while this does not necessarily translate into a smaller financial change each year.
7. A group member commented that the reason for this analysis was due to the turbulence regarding the equalising for resource element of the formula, and concluded that the three year average remained the best option as it is reflective

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of the most recent climate. The group were also reminded that the previous year's actual council tax is updated yearly, so any difference between the notional council tax increase and the actual council tax increase will be captured in this mechanism.

- 8. Recommendation: Welsh Government to continue to use a three year average to calculate the council tax uplift used to estimate the Council Tax Income at Standard Spending (CTSS).**

DSG (2020) Paper 14 – Population data: Historical analysis of datasets

9. Welsh Government officials explained the aim of the paper was to assess what was the best predictor of relative population for the settlement year, based on the data available at the time of calculation of the settlement. This paper looked retrospectively to assess which of the population datasets provided the better predictor of the settlement year population.
10. Given the additional complexity, the adjustment for Wrexham's prisoner population was not considered in this analysis.
11. Officials explained that the analysis suggests that looking retrospectively at the population data the rescaled population method provided the best predictor of overall population when compared to the mid-year estimate of the settlement year of interest (published two year after the settlement is published).
12. However, as the settlement is all based on relative need (i.e. each authority's population as a percentage of the Wales total, and not the actual population number), the analysis also considered the difference in the percentage shares of the data.
13. When comparing the total absolute percentage share differences (taking the positive value), the mid-year estimates (MYE) provided a better reflection of the relative distribution compared to the other population options (i.e. the overall percentage shares were closer to the target year).
14. Welsh government officials did suggest that this analysis only considered the 2014-based population projections and each population projections will have a different trend and the analysis in this paper might be as a consequence of this.
15. The group had reservations regarding the conclusion of the analysis, and highlighted that it would depend on how far away we were from the base year in the population projections.
16. One member questioned why some local authorities showed different patterns depending on what dataset was used.
17. Welsh Government officials explained that different datasets are based on different factors, and noted that the analysis in the paper could change year on year, thus will need to be considered recurrently.
18. DSG member suggested that the most comprehensive picture of population is the Census. In order to fully consider this analysis the group suggested repeating this analysis once the 2021 Census is published and use the population projection data until then.

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Action: Welsh Government officials to review the analysis at the time of the 2021 Census.

Recommendation: Welsh Government to continue using the most up to date population projections for use in the 2021-22 settlement.

DSG (2020) Paper 15 – Impact of 2020 PLASC pupil numbers on the settlement

19. Welsh Government officials presented the paper to the group, noting that this paper focuses on PLASC data only since the EOTAS data was not advised to be used due to the lack of data collected because of the Covid-19 pandemic.
20. The group commented that since the EOTAS counts are small this would have little effect but it should be reflected in the DSG report.
21. Members noted that using the latest data will likely avoid a larger changes next year.

Recommendation: To use the 2020 PLASC pupil data in the calculation of the 2021-22 settlement and to roll forward the EOTAS pupil data from the 2020-21 settlement.

DSG (2020) Paper 16 – Impact of the Universal Credit on the 2020 PLASC FSM data

22. Welsh Government presented the paper, recapping the historical issue that the roll out of universal credit had caused a favourable distributional change on the eligible for free school meals (eFSM) data for those authorities that were rolled out earlier.
23. Officials also reminded the group that eFSM is used as a proxy for deprivation within the settlement and is not used in the school meal IBA as a client based indicator.
24. The analysis showed that the relationship between the number of days since universal credit started in an authority and the change in eFSM pupil numbers, is less pronounced than in 2019.
25. Members noted that although the relationship between the roll out of universal credit and FSM has decreased there still seems to be some. The group agreed to continue to freeze the data.
26. DSG also highlighted that it was important to consider the work that Luke Sibieta is doing and to potentially consider whether eFSM is the best indicator for deprivation.
27. The chair noted that this would be a longer term consideration, and would not be considered for the next settlement. Other members agreed that Luke's work is relevant, but stressed that the FSM indicator is the only deprivation indicator available at a school level.
28. Officials agreed the need to investigate census and FSM indicators, and include this in next year's work programme.

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Action: Welsh Government to add replacing the FSM indicator on the 2021-22 work programme.

Recommendation: Continue to freeze the data at the three year average up to 2018 PLASC

DSG (2020) Paper 17 – Impact of COVID-19 on settlement datasets

29. Welsh Government officials gave an overview of the paper, noting it concentrates on the impact for the next settlement only.

30. Officials went through the datasets affected by covid-19, asking for decisions/recommendations from the group.

31. It was highlighted that Knowledge and Analytical service (KAS) have outlined the current position on data collections in response to covid-19
<https://gov.wales/covid-19-and-production-statistics-and-social-research>.

32. It was noted that the tourism data collection could be delayed and or not collected, therefore this data might require to be frozen. DSG suggested seeing what the data looked like and if it's not robust then to use the previous year's data instead.

33. Regarding private sector dwelling stock, street lights and PWLB debt, members concluded it is better to update the data if possible.

34. Again, it was decided to continue as usual in collecting the RA data, but highlighted that the RO data next year could be affected significantly and it is important to consider this effect as early as possible.

Recommendation: Continue to use 2019-20 CTRS data

Recommendation: Continue to collect the RO data as planned

Recommendation: Continue to freeze the dependent children indicator

Recommendation: Roll over last year's road length data

Recommendation: Continue to freeze the homelessness data and re-visit at a later date

Recommendation: Update datasets when possible to do so, including setting up the PWLB and street lights data collections.

Recommendation: Continue with collecting RA data as planned

DSG (2020) Oral item – NDR Collection rates/ Deferrals

35. Ben Crudge briefed the group on what has happened to NDR in the past few months and what may happen in the months to come, including challenges going forward.

36. The group thanked Ben for his presentation but noted that this was more of a quantum issue therefore this should be discussed at a political level and it is not for DSG to comment on.

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DSG (2020) Oral item – Electoral registration Indicator Based Assessment

37. Welsh Government officials asked DSG whether we should update the population indicator in order to reflect the fact that voting in Senedd elections is now allowed from 16 years and up.

38. DSG agreed that this should happen.

39. Action: Welsh Government to update the indicator to reflect that change in voting age in Wales.

DSG (2020) Paper 18 – DSG Progress Report

40. Welsh Government officials presented the paper and highlighted that many decisions will be the outcomes of this meeting.

41. DSG members commented that the wording was slightly negative and requested that the tone be more positive.

Action: Welsh Government officials to update the DSG report with the outcomes of this meeting and circulate to the group

Action: Welsh Government officials to reword the report to avoid a negative tone

AOB

42. The only further comment was that there was an outstanding action from the previous FSG meeting regarding how social care works in the settlement.

43. The Chair proposed to postpone this action until next year given the current impact of Covid 19.

44. It was highlighted that consideration to formula development will have to occur in the future.

Dates and venues of next meetings

45. The future dates of meetings are as follows to take place via MS Teams, until further notice:

- 15 September 2020
- 18 November 2020
- 20 January 2021
- 16 March 2021
- 11 May 2021
- 7 July 2021

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