

Distribution Sub-Group (2020) Minutes – 12 May 2020

DISTRIBUTION SUB GROUP (DSG)

Minutes of meeting held on 12 May 2020 via Microsoft Teams

Welsh Government (WG)

Judith Cole (Chair)
Emma Smith
Simon Edwards

Ashley Caddick
Heather Haywood

Welsh Local Government Association (WLGA)

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

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

Independent members

Dr Dennis de Widt
Guto Ifan

Chris Barton

Apologies

Dilwyn Williams (Gwynedd)

Barrie Davies (RCT)

Welcome and Introductions

1. The Chair recorded apologies and welcomed everyone to the meeting, noting it was Steve Gadd's first meeting.

Minutes and matters arising from the previous meeting

2. There were no comments of accuracy from the previous meeting. Actions were confirmed as completed.

DSG (2020) Paper 09 – Council tax uplift

3. Welsh Government officials summarised the paper and noted that previously a 2.5% uplift was used in the settlement calculations to model the increase in council tax from one year to the next, up until the decision was made to move to a three year average.
4. It was noted that if the 2.5% uplift had remained in place, this would have been considerably lower than the actual 6.16% increase in 2019-20.
5. Welsh Government officials stated that, since writing the paper, the value for the 2020-21 council tax uplift has now been published and is 4.62%.
6. The group were asked to decide whether to continue using the three year average in future settlements.
7. The group questioned whether using a longer period for the average would be beneficial in order to see a smoother trajectory, especially since stability is

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unlikely in the next three years due to the covid-19 pandemic, and the cycle of local and national elections.

- 8. Action: Welsh Government to provide an updated version of table one including the 2020-21 council tax uplift, and the options of a five and seven year average.**

DSG (2020) Paper 10 – Notional council tax and equalising for resource within the settlement

9. Welsh Government officials provided an overview of the paper to the group, noting that this paper had also been presented virtually at SWT.
10. Welsh Government officials explained that the purpose of the paper is mainly to aid explanation of the component of change table in the settlement briefing to treasurers and leaders as part of trying to explain the more complicated areas of the settlement calculation around equalising for resources.
11. A group member questioned why the council tax increase was 7 rather than 4.7, Welsh Government officials explained this is covered on page 5 of the paper.
12. The chair concluded that there is no need to revisit the formula/distributional change issue, but the issue of understanding and explanation will continue to be revisited to ensure clarity.

DSG (2020) Paper 11 – Population projections and mid-year estimates

13. Welsh Government officials provided some background to the paper, and explained there are three population dataset options to be considered.
14. Welsh Government officials emphasised that the turbulence in financial data is mainly due to the phasing of last year's data and the element that was fixed.
15. Members felt initially that it was more favourable to continue using the 2018-based population projections for future settlements.
16. The group noted that the change in SSA was a lot higher than expected.
17. Members decided to continue to manually adjust Wrexham's prisoner population.
18. Welsh Government officials stated that option three is still worth considering since it doesn't project as far forward. The group agreed a re-run of the exercise that was carried out previously looking at historical data and different estimates and which was the closest fit, particularly in relation to relative shares of population.

Action: Welsh Government to produce a further paper looking at historical population shares and comparing this with the three population dataset options.

Recommendation: Continue to manually adjust Wrexham's prisoner population.

DSG (2020) Paper 12 – Treatment of datasets within the 2021-22 settlement and beyond

19. Welsh Government officials gave a brief overview of the paper.
20. Members suggested prioritising and pursuing certain data collections over others such as PLASC, emphasising the importance of accepting that data collections will be difficult to pursue given the current situation, for example tourism.
21. The group considered the non-PWLB data collection to be of low priority and it was suggested that the previous year's data could be rolled forward for the purpose of calculating the Pool Rate.
22. The group decided it would be better to revisit table 2 via correspondence, with a more complete list of datasets and additional information, such as the amount of funding attached to each dataset.
23. When considering the potential omissions of datasets, the group decided it would be better to revisit this at a later date.
24. Welsh Government official drew the group's attention to the frozen datasets.
25. Members noted that the covid-19 pandemic would have a large effect on these data sets and suggested to not make any decisions until data settles down. This was especially pertinent with Universal Credit increased claimants.
26. The chair recognises the challenges and emphasised the need to express these to FSG at the appropriate time.
27. **Action: Welsh Government to provide an updated version of table two, covering the full range of datasets where the collection may be impacted by COVID-19 and including information on the amount of funding attached to each dataset.**

DSG (2020) Oral Item – Pool Rate Working Group

28. Welsh Government officials stated that there is no proposed alternative to the old methodology for the pool rate at present and both LA members of the group were no longer available. The group had previously looked at the debt financing model and put forward an alternative – but no decision had been made on the pool rate.
29. The chair highlighted the need to look for volunteers to join the group and to decide how to treat the pool rate this year.
30. The group suggested asking for nominations for volunteers from the treasury executives and highlighted the need to analyse the debt financing element of SSA further.

DSG (2020) Paper to note – Housing Support Grant: development of a funding formula

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31. Members noted that DSG should be given the opportunity to comment on how work on grant distribution is formulated at an earlier stage. They also noted that the 7 years set out in the paper was a long period.
32. The chair agreed that any decision regarding distributional changes should be agreed by DSG.
33. **Action: Welsh Government to follow up with housing policy team on planned next steps.**

DSG (2020) Paper to note – Education sub-group

34. Members felt that DSG need to be able to comment on the work Luke Sibieta is doing in response to the CYPE committee's recommendations on school funding and need to be aware about how much it cuts across the work of DSG.
35. The Chair stated that the work ongoing on the education committee is not regarding formula change. The chair also offered a presentation to DSG by Luke Sibieta on the work he is doing on schools funding, or a member of DSG could attend the ADEW presentation.
36. The Chair concluded that any distributional changes need to be agreed with DSG and FSG, the situation will be investigated and the group will be informed via email or in the next meeting.
37. The group were asked to decide whether they wanted to see a presentation by Luke Sibieta on his work on schools funding.

AOB

38. No further comments.

Close

Dates and venues of next meetings

39. The future dates and venues of meetings are as follows:

- 1 July 2020, Welsh Government, Cardiff or Teams
- 15 September 2020, Welsh Government, Cardiff
- 18 November 2020, Welsh Government, Cardiff
- 20 January 2021, Welsh Government, Cardiff
- 16 March 2021, Welsh Government, Cardiff
- 11 May 2021, Welsh Government, Cardiff

Local Government Finance and Workforce Partnerships Welsh Government