

DISTRIBUTION SUB GROUP (DSG)

Minutes of meeting held on 6 July 2021 via Microsoft Teams

Welsh Government (WG)

Judith Cole (Chair)
Emma Smith
Simon Edwards
Ashley Caddick

Welsh Local Government Association (WLGA)

Jon Rae (WLGA)
Hywel Jenkins (Neath Port Talbot)
Ian Allwood (Cardiff)
Jane Thomas (Powys)
Steve Gadd (Denbighshire)
Barrie Davies (RCT)
Dafydd Edwards (Gwynedd)
Sam Sullivan (Data Cymru)
Lisa Hayward (WLGA)

Independent members

Chris Barton
Dr Dennis de Widt

Apologise

Carys Lord (VoG)
Jonathan Davies (Monmouthshire)
Guto Ifan

Welcome and Introductions

1. The Chair welcomed the group 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 clarified that the actions had been completed or were in progress.

DSG (2021) Oral Item – Data collections

4. Welsh Government officials explained that the street lighting and non-PWLB data collections were underway and should be submitted by the end of the week.
5. Officials presented the 2020-21 version of the Revenue Outturn (RO) form which had been developed with involvement with Chief accountants to take account of COVID spend. The RO form has been designed to strike a balance between granularity of information and additional burden on local authorities. Guidance is currently being drafted to help clarify what to include in the form.

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DSG (2021) Oral Item - IBA formula past review dates

6. Officials presented a table showing when each of the Indicator Based Assessments (IBAs) was last formally reviewed/updated. Members noted this demonstrates that some of the underlying methods have not been investigated for a number of years, but that it was difficult to pick out which should be prioritised and that this strengthens the case for a review.
7. The group considered the dates at which each of the individual IBA formulae were last reviewed and/or updated and the relative financial weighting of each. Members noted that reviewing these would be an important strand of work which should be undertaken in order to keep the formula relevant but that there would need to be agreement on the order in which work would be done and confidence that resource was in place to undertake it. If a wider review of the formula was to be undertaken this might form part of it.

DSG (2021) Paper 09 - Pool rate

8. Welsh Government officials explained the background to the paper and that the current pool rate is at a much higher rate than the average interest rate.
9. The group agreed that the current method does not reflect the real world and suggested reverting back to the old methodology, which does not reverse out unsupported debt, and which looks more stable.
10. A member also suggested updating the model to look at current debt rather than the historical profiled amounts, however noted that updating this element of the formula could have further financial implications.
11. **Action – Officials to circulate exemplifications of the impact of using the old pool rate method, based on the 2021-22 settlement.**

DSG (2021) Paper 10 - Population data for the 2022-23 settlement

12. The group were presented a paper to show the difference between two population datasets – projections and mid-year estimates – to consider for the 2022-23 settlement.
13. Members were informed that the population projections data were created based on assumptions prior to the Covid-19 pandemic, whilst the mid-year estimates would include estimated number of births, deaths and migration during from the first wave of the Covid-19 pandemic.
14. The group agreed that the best source of population data was the Census and noted that in recent years they have chopped and changed between the Projections and mid-year estimates.
15. The group concluded by acknowledging that as the Census is due to be published in 2022 they would prefer to continue to use the population projection data for 2022-23 so that any large changes can be dealt with in one settlement year.
16. **Recommendation – To use the 2022 Population Projections data in the 2022-23 settlement.**

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DSG (2021) Paper 11 - DSG progress report

17. The chair invited comments on the paper. One member noted that the work programme includes an item on Post-16 Learning Difficulties and/or Disabilities Specialist Placements, but nothing had been brought to DSG on this.
18. Officials explained that this had not been prioritised due to the pandemic but would get back in touch with ALN policy officials to assess the latest timetable.
19. **Action – Welsh government officials to discuss with policy team and report back to DSG.**

DSG (2021) Paper 12 – PLASC – Updating pupil numbers

20. Officials presented the paper explaining the impact of updating the pupil numbers within the settlement, noting that the data is still provisional as they haven't been validated by local authorities. Within the calculations, officials noted that 6 schools hadn't submitted data therefore the analysis used their 2020 data to avoid distorting the analysis.
21. DSG noted the paper and agreed to use the latest pupil number data within the 2022-23 settlement.
22. **Recommendation – To use the 2021 Pupil numbers data in the 2022-23 settlement.**

DSG (2021) Paper 13 – PLASC – Eligible for Free school meals (eFSM)

23. Officials apologised to the group for sending the paper on the same day as the meeting, but thought DSG would prefer the opportunity to see the data and options in advance of the September DSG.
24. The analysis explained how the eFSM data is currently frozen within the settlement calculation, due to the distributional impact from the gradual rollout of universal credit.
25. DSG noted the analysis but explained they had not fully considered the paper due to its late nature. Having listened to the presentation the group leaned toward unfreezing the data through using option d (taking an average of 2016, 2017, 2018 & 2021) but queried whether the data was correct noting the figures for Pembrokeshire in particular.
26. Officials agreed to re-visit the paper to investigate the analysis, and re-circulate to the group via correspondence for a request for more analysis to be done before the September DSG or a recommendation.
27. **Action – Welsh government officials to revisit the eFSM paper and re-circulate to the group.**

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AOB

28. Officials noted that the Revenue Account (RA) was to be published in late July and would circulate a paper to the group once the data was published.

Close

Dates and venues of next meetings

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

- 14 September 2021
- 16 November 2021
- 18 January 2022

**Local Government Finance Policy and Sustainability Division
Welsh Government**