2017-18 Local Government Revenue and Capital Settlements - DSG Work plan

Year of completion   2016

Item	Divisional/Sub Group Work Programme	Details	Resource	Year of proposed discussion	Proposed work timetable J F M A M J J A S O N D	Priority (1-High, 5-Low)	Impact level (H/M/L)	Risk Level (H/M/L)	Risk/ impact details	Progress/ Outcome	Concluded
					Essential for 2015 Work Programme						
	Broad Strategic Direction										
1	Local Government Finance Review in England	Monitor any changes to local government funding in England and assess any implications for Wales, particularly the localisation of Business Rates.	SE	2016		4	Medium	Medium	Indications are for medium impact and risk but has potential to increase to high risk very quickly depending on events in England.		
2	Link in with other Welsh Government working groups	To keep DSG informed of the work carried out by the Capital Finance and Investment Group (CFIG), Welsh Local Government Forms Group and any other relevant working groups and to involve DSG members where necessary.	DSG	2016		4	Medium	Medium	Medium impact when taking RO and RA independent from this item. Some data discussed by the forms group is crucial to the calculation of the Settlement, so any changes need to be discussed with DSG. A potential evaluation of the GCF formula will have a distributional effect to the current SSA. Potential impact regarding resource issues if the groups require analysis or data outside of agreed plan. See below for treatment of RO and RA data.		
3	Reforming Local Government Programme	To keep DSG informed of the development of the Reforming Local Government Programme and possible implications for future Settlements.	RH	2016		1	Medium	Medium	This may have a high impact and risk level for future Settlements but for the purpose of the 2017-18 Settlement, the risk is lower.		
	Financial stability										
4	Stability	Consideration of the requirement for stability mechanisms and/or phasing mechanisms once all decisions on formulae and methodology changes have been reviewed and decisions taken by the DSG.	DSG	2016		1	High	Medium	Key DSG principle & therefore a priority. Consider alongside each specific grant transfer below. Risk is heightened as turbulence can increase risk of transfers, formula / methodology or data changes being rejected by the DSG. Need to balance stability against other DSG principles throughout the year.		
	Formula development activities[1]										
5	Welfare Reform / Universal Credit	The UK Government is overhauling the benefit system including creating a new Universal Credit which will have a phased introduction from 2013. This will have implications for the benefits data used in the Settlement.	KS	2016		2	High	Medium	High impact because benefits data distributes a large amount of SSA. Risk medium as this will have some impact on RSG for the 2017-18 Settlement, although the extent of this impact is not fully known.		
6	Non-HRA Housing Formula	On 27 April 2015, changes to housing legislation came into place meaning that an element of the formula used to calculate the homelessness element of the non-HRA housing Indicator Based Assessment (IBA) will need to be reviewed. As the change in legislation took place on 27 April 2015, this does not affect the calculation of the 2016-17 Settlement distribution. However, a decision is required for the 2017-18 Settlement.	JL	2016 & 2017		2	High	Medium	High impact because current weighting is 31% for the homelessness data. Risk medium as this will have some impact on RSG for the 2017-18 Settlement.		
	Specific grants										
7	Transfers into and out of the Settlement (details of individual grant schemes to be identified throughout the year)	Explore the options to transfer hypothecated funding into the RSG. Consider implications where funding is due to be removed from the RSG	SE	2016		1	High	High	There is potential for a number of transfers for 2017-18. Some transfers may not be agreed until late in the schedule, which may be beyond our control.		
8	Teacher's registration subsidy transfer out	Consider distributional implications of transferring out of the Settlement funding for the teacher's registration subsidy	SE	2016		1	Medium	Medium	Possible transfer out of around £1m, so a reasonable impact.		
9	Additional Learning Needs	Consider distributional implications of transferring into the Settlement funding for the Additional Learning Needs funding	SE	2016 & 2017		2	High	Medium	Possible transfer in of around £10m of funding, but will not be until 2018-19. However, due to the non-uniform distribution, this needs to be considered early on.		
	Annual Standing Papers										
10	RA Data	Review the impact of the RA data to be used in the 2017-18 Settlement.	MC	2016		1	High	Low	RA data decides the split between the high level service sectors. This data should be released with ample time to be included in the Settlement model for 2017-18.		

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11	RO and RA Data	Review the combined impact of the RO and RA data to be used in the 2017-18 Settlement.	MC	2016		1	High	Medium	RO data decides the split between each IBA. RA data decides the split between the high level service sectors. For the 2015-16 Settlement onwards, the aim is to use RO data that is 1 year more up-to-date relative to previous years so that this dataset only lags by 2 years.		
12	DSG Draft Report	Draft conclusions presented for consideration by Finance Sub Group	JL	2016		2	Medium	Low	Low risk as the final report is the one that is signed off by the Partnership Council and the Minister for LG&C.		
13	DSG Final Report	Conclusions presented to the Partnership Council Meeting	JL	2016		1	Medium	Medium	Required for sign off by the Partnership Council and/or LG&C Minister.		

Optional for 2015 Work Programme

Formula development activities[1]

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14	Sparsity working group (PSS)	Following the data collection exercise across 9 authorities into in-house travel costs in the PSS sector, indirect costs and independent care providers, further analysis and modelling needs to be carried out.	KS	2016		3	High	low	Settlement impact is high. Results are likely to be able to feed into the 2017-18 RSG.		
15	Unit cost approach to the Education formula	Review applicability of a bottom-up cost model in Wales. Keep up to date with the development work on the English education formula.	Local Gov	2016		3	Medium	low	Future Settlement impact is high, however in this work programme focuses on the extension of the work completed in previous years and is still in the early stages.	Local Government to lead on taking this forward.	
16	Review of Waste services	To review the formulae for the Waste IBAs to take account of changes to RO data now consisting of 5 data rows: Waste collection, Waste disposal, Trade waste, Recycling, Waste minimisation.	Local Gov	2016		3	Medium	low	Scoping work undertaken by a separate group for consideration for changes in 2017-18. Both current IBAs - collection and disposal have a strong population focus. The recycling RO data is currently residing in the Waste Collection IBA, so if there is a new recycling IBA, this will have an impact on quanta.	Local Government to lead on taking this forward.	
17	RO and RA data and SSA Build	To look in more detail at the build up of SSAs using RO and RA data, including the construction of the CTRS IBA total. A large amount of this work may be picked up by the forms group.	MC	2016		2	High	Low	There is potential for high impact if lines of the forms start to be reasigned, but the risk is low as an agreed method is currently in place.		

Annual Standing Papers

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17	Pool Rate	Discuss method used to calculate pool rate and the impacts of updated data.	MC	2016		4	Low	Low	Integral part of the capital SSA.		

1. Please note that, after discussions at the November 2013 DSG meeting, the rolling review of IBAs has been put on hold in order to focus on more substantial items. The IBAs that were due to be reviewed have been highlighted on the next sheet.