

Distribution Sub-Group (2018) Minutes – 14 March 2018

9. Paragraph 23: Clare Blake provided an overview of the Fair funding seminar run by Ministry of Housing, Communities and Local Government (MHCLG) in January 2018. Key areas of discussion were:
 - Cost drivers of Social care and child services.
 - The fairness of the current funding formula.
 - Business rates retention.
 - Criticism of the area cost adjustment applied in the English funding formula.
10. Clare provided a brief update from Wales, which received a positive response. The feedback she received was around Welsh Government's working groups being key to the process, through the engagement between central and local government. They also appreciated that the Wales data isn't frozen, that local authorities are able to view their data at validation stage and the transparency through publishing the data in the Green Book.
11. MHCLG were interested in visiting Welsh Government to discuss the Welsh Settlement process in more detail.
12. There are currently no timings on when the MHCLG are anticipated to publish any consultation responses.
13. Local government members requested that paper 6 be discussed first as some members had to leave before the end of the meeting.

DSG (2018) Paper 06 - Financial benchmarking data investigation

14. Welsh Government officials presented a paper that provided an initial overview to the schools benchmarking data provided by Data Unit Wales.
15. The paper provided a high level summary on the contextual information about secondary schools and their expenditure of certain financial elements. Unit costs were then calculated from elements of expenditure divided by the contextual information (i.e. Teacher spend per pupil).
16. The group discussed the issues and opportunities the data presented, marrying this up with previous papers to propose a way forward.
17. **Action: Welsh Government officials to draft a paper, linking the latest benchmarking data with previous papers and highlighting any issues with the quality/usability of the data in its current form, as well as any opportunities.**

DSG (2018) Paper 03 – Treatment of council tax in the settlement

18. Welsh Government officials presented a paper that looked at the distributional implications of changing the 2.5% council tax increase assumption that is used to estimate Council Tax Income at Standard Spending (CTISS) in the settlement funding formula.
19. The paper exemplified changes in AEF for the 2018-19 final settlement when changing the 2.5% assumption to the 2017-18 Wales average increase (3.04%),

Distribution Sub-Group (2018) Minutes – 14 March 2018

the previous 2 years average increase for Wales (3.33%) and the previous 3 years average increase for Wales (3.68%).

20. The group discussed the origin of the 2.5% and agreed that, in light of recent rises in council tax, this is a relatively small assumption. The group requested further information on how the calculation operates. The group favoured a 3-year average in principle and would agree virtually once they were satisfied with the further explanation.
21. Jon Rae and Christopher Lee left the meeting.
22. **Action: Welsh Government officials to produce a brief document to explain the effects of the proposals in more detail.**

Oral item – Welfare Reform update

23. Welsh Government officials provided an oral update on the latest position on welfare reform. This included the outcome of the consultation in England on the “general principles applied in considering changes to the criteria for free school meals and the early years pupil premium under Universal Credit”.
24. In England, the current eligibility criteria for free school meals are all those in receipt of Universal Credit. The outcome of the consultation resulted in their plans to implement a net income threshold of less than £7,400 to be eligible for free school meals (FSMs) plus a blanket protection for all previously eligible children to receive a FSM until 2022.
25. The approach for Wales is currently being considered. DSG will be updated when there is information to share as this will have an impact on the formula. It was agreed that DSG members should have access to the FSM data at an early opportunity in order to provide the best opportunity for consideration for the 2019-20 formula.
26. **Action: Welsh Government officials to share FSM data at an early opportunity and provide any updates with regards to the Wales position when information becomes available.**

DSG (2018) Paper 04 – Free school meals data

27. Welsh Government officials presented a paper detailing the impact on the 2018-19 Settlement if a two/three year average of the FSM data were used instead of single year.
28. DSG members questioned the rationale in using averages for FSM data. They also asked whether any averages are used in calculating the Pupil Development Grant. The group were inclined to use a consistent approach in the use of the FSM data.
29. The group asked for an analysis of the volatility of FSM eligibility over time by Local Authority.
30. **Action: Welsh Government officials to liaise with Education colleagues regarding the methodology used in calculating the PDG and feedback to DSG.**

