

Distribution Sub Group Terms of Reference 2020

Purpose Distribution Sub Group (DSG) is a technical working group under the Finance Sub Group (FSG) of the Partnership Council for Wales. It exists to consider matters relating to the distribution of the annual local government revenue settlement.

Overarching Principles The revenue settlement is distributed on the basis of relative need. In undertaking its work, DSG should be guided by the following overarching principles.

- Equity
- Stability
- Clarity
- Relevance

Alongside these principles, consideration should be given to the level of complexity being introduced into the formula and the balance to be struck between additional complexity and the amount of value added to the formula.

The intended outcome for the settlement is summarised as follows.

*The delivery of an equitable, appropriate and accurate distribution of revenue settlement funding to local authorities in Wales which reflects relative **need** and is delivered according to agreed time-scales. To be achieved through a partnership relationship with local government and input from independent members, with DSG making recommendations to Finance Sub Group for formal decisions by Welsh Ministers and approval by the Assembly.*

Objectives

The main objectives of the Distribution Sub Group (DSG) are as follows.

- To propose to Finance Sub Group (FSG) an annual programme of work to develop the formula for compiling and distributing Standard Spending Assessments (SSA).
- To implement the annual DSG Work Programme, as agreed by FSG.
- To ensure all data used in the settlement are objective, robust, current and validated and are drawn from reliable, stable and representative data sources.
- To ensure data collected centrally are reviewed as part of a longer term work programme and, where appropriate, to arrange for additional data to be collected.
- To consider distributional matters arising from significant transfers, new responsibilities and all significant changes affecting the distribution of SSA.
- To consider the distributional aspects of specific grant schemes, as appropriate, on a timely basis and in line with the Welsh Government guidance on grants.
- To advise FSG on matters of stability and multi-year indications as appropriate.
- To prepare an annual report with recommendations for consideration by FSG.

Scope and requirements

The main areas of work for DSG will be set out in its annual work programme, subject to the agreement of FSG.

Key milestones

The main phases of the DSG work programme for the annual settlement are as follows.

Milestone	Deadline (DSG Meeting)
Final consideration of any new formula reviews and specific grant transfers into and out of RSG	July
Draft DSG Report circulated for comment and discussion	July
Agree the treatment of the population data source	July
Assess the treatment of the frozen data indicators i.e. free school meals, dependent children and housing benefits data.	July/September
Final agreement of revenue data to be used in the settlement	September
Final DSG Report	September
Agreement of data for Final Settlement	November

Deliverables

DSG will produce the following products in relation to the annual work programme.

- DSG agendas, papers and minutes (during the year)
- DSG Report (one annual report)

DSG papers (where unrestricted) will be published on the Welsh Government website along with minutes recording decisions, actions and the key points of discussions.

Roles and responsibilities

DSG membership is given in Annex A. Others may be invited to attend meetings when particular expertise or specialist input would be beneficial.

Organisation	Functions include:
Welsh Government	<ul style="list-style-type: none">• Advising Welsh Ministers on all aspects of the settlement.• Ensuring the settlement and its distribution, and the work of DSG, aligns with Welsh Government well-being objectives, strategies and policies.• Drawing up and implementing settlement delivery plans, taking account of the availability of staff resources.• Defining and applying quality standards for the settlement and settlement products, including DSG deliverables.• Chairing DSG and providing the secretariat for meetings.• Drafting the DSG work programme.• Developing the formula and settlement models.• Providing exemplifications of formula and data changes.• Collecting and validating settlement data.• Drafting the DSG Report for agreement by DSG.

Organisation	Functions include:
	<ul style="list-style-type: none"> • Coordinating Welsh Government input into the work of DSG. • Monitoring progress in delivering the work programme. • Publishing DSG and settlement products and outputs. • Presenting progress reports and recommendations to FSG.
WLGA Lead	<ul style="list-style-type: none"> • Agreeing and arranging local authority membership of DSG. • Representing the viewpoint of local government at DSG. • Coordinating local government input into the work of DSG, including input into the development and delivery of the work programme. • Securing buy-in from local government to DSG decisions • Collating and reflecting the collective local government view on DSG considerations and recommendations. • Advising members of WLGA Council and WLGA Executive of FSG and the Partnership Council for Wales on the work of DSG. • Communicating DSG matters to members of WLGA Council and WLGA Executive and senior officers.
WLGA Representatives	<ul style="list-style-type: none"> • Contributing to the drawing up of the DSG work programme. • Providing input on all matters relevant to the DSG work programme, representing the collective interests of local government and supporting the delivery of the well-being of future generation act goals. • Advising on the effect of proposed changes to the formula and data, including potential risks. • Providing input and making decisions on exemplifications and proposals presented to DSG, including the robustness of the proposed approach and supporting analysis. • Agreeing the DSG Report and its recommendations. • Working in partnership with the Welsh Government to ensure work-streams progress as set out in the work programme. • Contributing to the formulation and development of proposals and the delivery of work-streams, leading the delivery of work packages as appropriate. • Communicating DSG matters to local government elected members and senior officers.
Independent Members	<ul style="list-style-type: none"> • Providing independent input on all matters relevant to the DSG work programme. • Contributing to the drawing up of the DSG work programme. • Advising on the effect of proposed changes to the formula and data, including potential risks. • Providing input into the considerations and decisions of DSG. • Providing assurance that the DSG work programme, DSG Report and DSG decisions and recommendations are based on unbiased consideration of the available evidence and analysis.

Annex A

DSG MEMBERSHIP 2019

Welsh Government – Local Government Finance Policy (LGFP) Division

Judith Cole – Chair
Emma Smith
Simon Edwards
Ashley Caddick
Heather Haywood

Welsh Government – Local Government Strategic Finance (LGSF) Division

Debra Carter – Head of LGSF
Clare Blake

Independent Members

Chris Barton
Dr Dennis de Widt
Guto Ifan

Welsh Local Government Association Representatives

Jon Rae	Welsh Local Government Association
Dilwyn Williams	Gwynedd Council
Hywel Jenkins	Neath Port Talbot County Borough Council
Ian Allwood	Cardiff Council
Carys Lord	Vale of Glamorgan County Borough Council
Jane Thomas	Powys County Council
Steve Gadd	Denbighshire County Council
Barrie Davies	Rhondda Cynon Taf County Borough Council
Mark Howcroft	Monmouthshire County Council
Andrew Stephens	Local Government Data Unit Wales

Waste Funding Group (provisional)

- **Aim of the Group**
To review the formulae for Waste Services within the Local Government Settlement in light of the increased complexity of the service.
- **Membership:**

Jane Thomas	Powys County Council
Barrie Davies	Rhondda Cynon Taf County Borough Council
Hywel Jenkins	Neath Port Talbot County Borough Council
Mark Howcroft	Monmouthshire County Council
Steve Gadd	Denbighshire County Council
Jon Rae	Welsh Local Government Association
Tim Peppin	Welsh Local Government Association
Emma Smith	Welsh Government
Simon Edwards	Welsh Government
Lucy Thomas	Welsh Government

Education Distribution Formula Group (provisional)

- **Aim of the Group**

To consider the potential for developing an alternative approach to the education formula within the model, based on building it up using unit cost measures for the main components of education spending.

- **Membership:**

Dilwyn Williams	Gwynedd County Council
Ian Allwood	Cardiff Council
Carys Lord	Vale of Glamorgan County Borough Council
Andrew Stephens	Local Government Data Unit Wales
Judith Cole	Welsh Government
Ashley Caddick	Welsh Government
Heather Haywood	Welsh Government